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H.R. 3230, National Defense Authori...

ON

**NATIONAL DEFENSE AUTHORIZATION ACT  
FOR FISCAL YEAR 1997—(H.R. 3230)**

AND

**OVERSIGHT OF PREVIOUSLY AUTHORIZED  
PROGRAMS**

BEFORE THE

**COMMITTEE ON NATIONAL SECURITY  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTH CONGRESS**

SECOND SESSION

**MILITARY INSTALLATIONS AND FACILITIES  
SUBCOMMITTEE HEARINGS**

ON

**DIVISION B—MILITARY CONSTRUCTION  
AUTHORIZATIONS  
(H.R. 3231)**

HEARINGS HELD

March 7, 13, 19, 21, and April 16, 1996



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ON  
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104TH CONGRESS  
2D SESSION

## H. R. 3231

To authorize certain construction at military installations for fiscal year 1997, and for other purposes.

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### IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 1996

MR. HEFLEY (for himself and Mr. ORTIZ) introduced the following bill; which was referred to the Committee on National Security

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### A BILL

To authorize certain construction at military installations for fiscal year 1997, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Military Construction Authorization Act for Fiscal Year 1997”.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

#### TITLE XXI—ARMY

Sec. 2101. Authorized Army construction and land acquisition projects.

Sec. 2102. Family housing.

Sec. 2103. Improvements to military family housing units.

Sec. 2104. Authorization of appropriations, Army.

#### TITLE XXII—NAVY

Sec. 2201. Authorized Navy construction and land acquisition projects.

Sec. 2202. Family housing.

Sec. 2203. Improvements to military family housing units.

Sec. 2204. Authorization of appropriations, Navy.

#### TITLE XXIII—AIR FORCE

Sec. 2301. Authorized Air Force construction and land acquisition projects.

Sec. 2302. Family housing.

Sec. 2303. Improvements to military family housing units.

Sec. 2304. Authorization of appropriations, Air Force.

#### TITLE XXIV—DEFENSE AGENCIES

Sec. 2401. Authorized Defense agencies construction and land acquisition projects.

Sec. 2402. Military housing planning and design.

Sec. 2403. Improvements to military family housing units.

Sec. 2404. Military housing improvement program.

Sec. 2405. Energy conservation projects.

Sec. 2406. Authorization of appropriations, Defense agencies.

#### TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM

Sec. 2501. Authorized NATO construction and land acquisition projects.

Sec. 2502. Authorization of appropriations, NATO.



## TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES

Sec. 2601. Authorized Guard and Reserve construction and land acquisition projects.

Sec. 2602. Authorization of construction projects to be funded with previous-year appropriations.

## TITLE XXVII—EXPIRATION AND EXTENSION OF AUTHORIZATIONS

Sec. 2701. Expiration of authorizations and amounts required to be specified by law.

Sec. 2702. Extension of authorizations of certain fiscal year 1994 projects.

Sec. 2703. Extension of authorizations of certain fiscal year 1993 projects.

Sec. 2704. Extension of authorizations of certain fiscal year 1992 projects.

Sec. 2705. Effective date.

## TITLE XXI—ARMY

## SEC. 2101. AUTHORIZED ARMY CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) **INSIDE THE UNITED STATES.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(1), the Secretary of the Army may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

## Army: Inside the United States

State	Installation or Location	Total
California .....	Camp Roberts .....	\$5,500,000
	Naval Weapons Station, Concord .....	\$27,000,000
Colorado .....	Fort Carson .....	\$13,000,000
District of Columbia .....	Fort McNair .....	\$6,900,000
Georgia .....	Fort Benning .....	\$53,400,000
	Fort Stewart/Hunter Army Air Field .....	\$6,000,000
Kansas .....	Fort Riley .....	\$26,000,000
Kentucky .....	Fort Campbell .....	\$51,100,000
Texas .....	Fort Hood .....	\$40,900,000
Washington .....	Fort Lewis .....	\$54,600,000
CONUS Classified .....	Classified Location .....	\$4,600,000
Grand total .....		\$289,000,000

(b) **OUTSIDE THE UNITED STATES.**—Using amount appropriated pursuant to the authorization of appropriations in section 2104(a)(2), the Secretary of the Army may acquire real property and carry out military construction projects for the locations outside the United States, and in the amounts, set forth in the following table:

## Army: Outside the United States

Country	Installation or location	Total
Italy .....	Camp Ederle, Vincenza .....	\$3,100,000
Korea .....	Camp Casey .....	\$16,000,000
	Camp Red Cloud .....	\$14,000,000
Overseas Classified .....	Overseas Classified .....	\$64,000,000
Grand total .....		\$97,100,000

## SEC. 2102. FAMILY HOUSING.

(a) **CONSTRUCTION AND ACQUISITION.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(5)(A), the Secretary of the Army may construct or acquire family housing units (including land acquisition) at the installations, for the purposes, and in the amounts set forth in the following table:

## Army: Family Housing

State	Installation or location	Purpose	Total
Hawaii .....	Schofield Barracks .....	54 Units .....	\$10,000,000
North Carolina .....	Fort Bragg .....	88 Units .....	\$9,800,000

## Army: Family Housing—Continued

State	Installation or location	Purpose	Total
Texas .....	Fort Hood .....	140 Units .....	\$18,500,000
		Grand total	\$38,300,000

(b) **PLANNING AND DESIGN.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(5)(A), the Secretary of the Army may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of family housing units in an amount not to exceed \$2,963,000.

### SEC. 2103. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2104(a)(5)(A), the Secretary of the Army may improve existing military family housing units in an amount not to exceed \$33,750,000.

### SEC. 2104. AUTHORIZATION OF APPROPRIATIONS, ARMY.

(a) **IN GENERAL.**—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1996, for military construction, land acquisition, and military family housing functions of the Department of the Army in the total amount of \$1,722,202,000 as follows:

(1) For military construction projects inside the United States authorized by section 2101(a), \$289,000,000.

(2) For the military construction products outside the United States authorized by section 2101(b), \$97,100,000.

(3) For unspecified minor military construction projects authorized by section 2805 of title 10, United States Code, \$5,000,000.

(4) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, \$43,623,000, which includes \$20,000,000 for Host Nation support.

(5) For military family housing functions:

(A) For construction and acquisition, planning and design, and improvement of military family housing and facilities, \$75,013,000.

(B) For support of military family housing (including the functions described in section 2833 of title 10, United States Code), \$1,212,466,000.

(b) **LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.**—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2101 of this Act may not exceed the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a).

## TITLE XXII—NAVY

### SEC. 2201. AUTHORIZED NAVY CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) **INSIDE THE UNITED STATES.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(1), the Secretary of the Navy may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

### Navy: Inside the United States

State	Installation or Location	Total
Arizona .....	Navy Detachment, Camp Navajo .....	\$3,920,000
California .....	Marine Corps Air Station, Camp Pendleton.	\$6,240,000
	Marine Corps Air-Ground Combat Center, Twentynine Palms.	\$4,020,000
	Marine Corps Base, Camp Pendleton .....	\$51,630,000
	Naval Air Station, North Island .....	\$86,502,000
	Naval Facility, San Clemente Island .....	\$17,000,000
	Naval Station, San Diego .....	\$7,050,000



## Navy: Inside the United States—Continued

State	Installation or Location	Total
	Naval Command Control & Ocean Surveillance Center, San Diego.	\$1,960,000
Connecticut .....	Naval Submarine Base, New London .....	\$13,830,000
District of Columbia .....	Naval District, Washington .....	\$19,300,000
Florida .....	Naval Air Station, Key West .....	\$2,250,000
Hawaii .....	Naval Station, Pearl Harbor .....	\$19,600,000
	Naval Submarine Base, Pearl Harbor .....	\$35,890,000
Idaho .....	Naval Surface Warfare Center, Bayview .....	\$7,150,000
Illinois .....	Naval Training Center, Great Lakes .....	\$22,900,000
Maryland .....	Naval Air Warfare Center, Patuxent River.	\$1,270,000
North Carolina .....	Marine Corps Air Station, Cherry Point .....	\$1,630,000
	Marine Corps Air Station, New River .....	\$17,040,000
	Marine Corps Base, Camp LeJeune .....	\$20,750,000
Texas .....	Naval Station, Ingleside .....	\$16,850,000
	Naval Air Station, Kingsville .....	\$1,810,000
Virginia .....	Armed Forces Staff College, Norfolk .....	\$12,900,000
	Marine Corps Combat Dev Com, Quantico.	\$14,570,000
	Naval Station, Norfolk .....	\$35,520,000
Washington .....	Naval Station, Everett .....	\$25,740,000
CONUS Various .....	Defense Access Roads .....	\$300,000
	Grand total .....	\$447,662,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(2), the Secretary of the Navy may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

### Navy: Outside the United States

Country	Installation or Location	Total
Bahrain .....	Administrative Support Unit, Bahrain ....	\$5,980,000
Greece .....	Naval Support Activity, Souda Bay .....	\$7,050,000
Italy .....	Naval Air Station, Sigonella .....	\$15,700,000
	Naval Support Activity, Naples .....	\$8,620,000
United Kingdom .....	Joint Maritime Communications Center, St. Mawgan.	\$4,700,000
	Grand total .....	\$42,050,000

#### SEC. 2202. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(6)(A), the Secretary of the Navy may construct or acquire family housing units (including land acquisition) at the installations, for the purposes, and in the amounts, set forth in the following table:

### Navy: Family Housing

State	Installation or Location	Purpose	Total
Arizona .....	Marine Corps Air Station, Yuma.	Support .....	\$709,000
California .....	Marine Corps Base, Camp Pendleton.	128 Units .....	\$19,483,000
	Naval Air Station, Lemoore.	276 Units .....	\$39,837,000
	Navy Public Works Center, San Diego.	366 Units .....	\$48,719,000
	Marine Corps Air-Ground Combat Center, Twentynine Palms.	Support .....	\$2,938,000



## Navy: Family Housing—Continued

State	Installation or Location	Purpose	Total
Hawaii .....	Marine Corps Air Station, Kaneohe Bay.	54 Units .....	\$11,676,000
	Navy Public Works Center, Pearl Harbor.	264 Units .....	\$52,586,000
Maryland .....	Naval Air Warfare Center, Patuxent River.	Support .....	\$1,233,000
North Carolina .....	Marine Corps Base, Camp LeJeune.	Support .....	\$845,000
Virginia .....	AEGIS Combat Systems Center, Wallops Island.	20 Units .....	\$2,975,000
	Naval Security Group Ac- tivity, Northwest.	Support .....	\$741,000
Washington .....	Naval Station, Everett .....	100 Units .....	\$15,015,000
	Naval Submarine Base, Bangor.	Support .....	\$934,000
Grand total .....		.....	\$197,691,000

(b) **PLANNING AND DESIGN.**—Using amounts appropriated pursuant to the authorization of appropriation in section 2204(a)(6)(A), the Secretary of the Navy may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed \$22,552,000.

### SEC. 2203. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2204(a)(6)(A), the Secretary of the Navy may improve existing military family housing units in an amount not to exceed \$183,483,000.

### SEC. 2204. AUTHORIZATION OF APPROPRIATIONS, NAVY.

(a) **IN GENERAL.**—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1996, for military construction, land acquisition, and military family housing functions of the Department of the Navy in the total amount of \$1,943,313,000 as follows:

(1) For military construction projects inside the United States authorized by section 2201(a), \$447,622,000.

(2) For military construction projects outside the United States authorized by section 2201(b), \$42,050,000.

(3) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, \$5,115,000.

(4) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, \$42,559,000.

(5) For military construction projects which can be financed using unobligated prior-year appropriations, Authorization of Appropriations is reduced by \$12,000,000.

(6) For military family housing functions:

(A) For construction and acquisition, planning and design and improvement of military family housing and facilities, \$403,726,000.

(B) For support of military housing (including functions described in section 2833 of title 10, United States Code), \$1,014,241,000.

(b) **LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.**—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2201 of this Act may not exceed the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a).

## TITLE XXIII—AIR FORCE

### SEC. 2301. AUTHORIZED AIR FORCE CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) **INSIDE THE UNITED STATES.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(1), the Secretary of the Air Force may acquire real property and carry out military construction projects for the instal-

lations and locations inside the United States, and in the amounts, set forth in the following table:

### Air Force: Inside the United States

State	Installation or Location	Total
Alabama .....	Maxwell Air Force Base .....	\$7,875,000
Alaska .....	Elmendorf Air Force Base .....	\$21,530,000
Arizona .....	Davis-Monthan Air Force Base .....	\$9,920,000
Arkansas .....	Little Rock Air Force Base .....	\$18,105,000
California .....	Beale Air Force Base .....	\$14,425,000
	Edwards Air Force Base .....	\$20,080,000
	McClellan Air Force Base .....	\$8,795,000
	Travis Air Force Base .....	\$7,980,000
	Vandenberg Air Force Base .....	\$3,290,000
Colorado .....	Buckley Air National Guard Base .....	\$17,960,000
	Falcon Air Force Base .....	\$2,095,000
	Peterson Air Force Base .....	\$20,720,000
	US Air Force Academy .....	\$10,065,000
Delaware .....	Dover Air Force Base .....	\$7,980,000
Florida .....	Elgin Air Force Base .....	\$4,590,000
	Eglin Auxiliary Field 9 .....	\$6,825,000
	Patrick Air Force Base .....	\$2,595,000
Georgia .....	Robins Air Force Base .....	\$18,645,000
Idaho .....	Mountain Home Air Force Base .....	\$6,545,000
Kansas .....	McConnell Air Force Base .....	\$8,480,000
Louisiana .....	Barksdale Air Force Base .....	\$4,890,000
Maryland .....	Andrews Air Force Base .....	\$5,990,000
Mississippi .....	Keesler Air Force Base .....	\$14,465,000
Nevada .....	Indian Springs Air Force Auxiliary Air Field .....	\$4,690,000
New Jersey .....	McGuire Air Force Base .....	\$8,080,000
North Carolina .....	Pope Air Force Base .....	\$5,915,000
	Seymour Johnson Air Force Base .....	\$11,280,000
North Dakota .....	Grand Forks Air Force Base .....	\$12,470,000
	Minot Air Force Base .....	\$3,940,000
Ohio .....	Wright-Patterson Air Force Base .....	\$7,400,000
Oklahoma .....	Tinker Air Force Base .....	\$9,880,000
South Carolina .....	Charleston Air Force Base .....	\$37,410,000
	Shaw Air Force Base .....	\$5,665,000
Tennessee .....	Arnold Engineering Development Center .....	\$6,781,000
Texas .....	Dyess Air Force Base .....	\$5,895,000
	Kelly Air Force Base .....	\$3,250,000
	Lackland Air Force Base .....	\$9,413,000
	Sheppard Air Force Base .....	\$9,400,000
Utah .....	Hill Air Force Base .....	\$3,690,000
Virginia .....	Langley Air Force Base .....	\$8,005,000
Washington .....	Fairchild Air Force Base .....	\$18,155,000
	McChord Air Force Base .....	\$57,065,000
Grand total .....		\$472,229,000

(b) OUTSIDE THE UNITED STATES.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(2), the Secretary of the Air Force may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

### Air Force: Outside the United States

Country	Installation or Location	Total
Germany .....	Ramstein Air Force Base .....	\$5,370,000
	Spangdahlem Air Base .....	\$1,890,000
Italy .....	Aviano Air Base .....	\$10,060,000
Korea .....	Osan Air Base .....	\$9,780,000
Turkey .....	Incirlik Air Base .....	\$7,160,000
United Kingdom .....	Royal Air Force, Croughton .....	\$1,740,000

## Air Force: Outside the United States—Continued

Country	Installation or Location	Total
Overseas Classified .....	Royal Air Force, Lakenheath .....	\$17,525,000
	Royal Air Force, Mildenhall .....	\$6,195,000
	Overseas Classified .....	\$18,395,000
	Grand total .....	\$78,115,000

### SEC. 2302. FAMILY HOUSING.

(a) CONSTRUCTION AND ACQUISITION.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(5)(A), the Secretary of the Air Force may construct or acquire family housing units (including land acquisition) at the installations, for the purposes, and in the amounts set forth in the following table:

### Air Force: Family Housing

State	Installation or Location	Purpose	Total
Alaska .....	Eielson Air Force Base .....	72 Units .....	\$21,127,000
		Support .....	\$2,950,000
California .....	Beale Air Force Base .....	56 Units .....	\$8,893,000
	Travis Air Force Base .....	70 Units .....	\$8,631,000
	Vandenberg Air Force Base.	112 Units .....	\$20,891,000
District of Columbia .....	Bolling Air Force Base .....	40 Units .....	\$5,000,000
Florida .....	Eglin Auxiliary Field 9 .....	1 Units .....	\$249,000
	MacDill Air Force Base .....	56 Units .....	\$8,822,000
	Patrick Air Force Base .....	Support .....	\$2,430,000
Louisiana .....	Barksdale Air Force Base .....	80 Units .....	\$9,570,000
Missouri .....	Whiteman Air Force Base .....	68 Units .....	\$9,600,000
New Mexico .....	Kirtland Air Force Base ...	50 Units .....	\$5,450,000
North Dakota .....	Grand Forks Air Force Base.	66 Units .....	\$7,784,000
	Minot Air Force Base .....	46 Units .....	\$8,740,000
Texas .....	Lackland Air Force Base ...	50 Units .....	\$6,500,000
		Support .....	\$800,000
Washington .....	McChord Air Force Base ...	40 Units .....	\$5,659,000
	Grand total .....		\$133,096,000

(b) PLANNING AND DESIGN.—Using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(5)(A), the Secretary of the Air Force may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed \$9,590,000.

### SEC. 2303. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriations in section 2304(a)(5)(A), the Secretary of the Air Force may improve existing military family housing units in an amount not to exceed \$88,550,000.

### SEC. 2304. AUTHORIZATION OF APPROPRIATIONS, AIR FORCE.

(a) IN GENERAL.—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1996, for military construction, land acquisition, and military family housing functions of the Department of the Air Force in the total amount of \$1,663,769,000 as follows:

(1) For military construction projects inside the United States authorized by section 2301(a), \$472,229,000.

(2) For military construction projects outside the United States authorized by section 2301(b), \$78,115,000.

(3) For unspecified minor construction projects authorized by section 2805 of title 10, United States Code, \$9,328,000.

(4) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, \$43,387,000.

(5) For military housing functions:



(A) For construction and acquisition, planning and design and improvement of military family housing and facilities, \$231,236,000.

(B) For support of military family housing (including the functions described in section 2833 of title 10, United States Code), \$829,474,000.

(b) **LIMITATION ON TOTAL COST OF CONSTRUCTION PROJECTS.**—Notwithstanding the cost variations authorized by section 2853 of title 10, United States Code, and any other cost variation authorized by law, the total cost of all projects carried out under section 2301 of this Act may not exceed the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a).

## TITLE XXIV—DEFENSE AGENCIES

### SEC. 2401. AUTHORIZED DEFENSE AGENCIES CONSTRUCTION AND LAND ACQUISITION PROJECTS.

(a) **INSIDE THE UNITED STATES.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2406(a)(1), the Secretary of Defense may acquire real property and carry out military construction projects for the installations and locations inside the United States, and in the amounts, set forth in the following table:

#### Defense Agencies: Inside the United States

Agency	Installation or location	Total
Chemical Demilitarization .....	Pueblo Army Depot, Colorado .....	\$179,000,000
Defense Finance & Accounting Service.	Charleston, South Carolina .....	\$6,200,000
	Gentile Air Force Station, Ohio .....	\$11,400,000
	Griffis Air Force Base, New York .....	\$10,200,000
	Loring Air Force Base, Maine .....	\$6,900,000
	Naval Training Center, Orlando, Florida	\$2,600,000
	Norton Air Force Base, California .....	\$13,800,000
	Offutt Air Force Base, Nebraska .....	\$7,000,000
	Rock Island Arsenal, Illinois .....	\$14,400,000
Defense Intelligence Agency .....	Bolling Air Force Base, District of Columbia.	\$6,790,000
Defense Logistics Agency .....	Altus Air Force Base, Oklahoma .....	\$3,200,000
	Andrews Air Force Base, Maryland .....	\$12,100,000
	Barksdale Air Force Base, Louisiana .....	\$4,300,000
	Defense Construction Supply Center, Columbus, Ohio.	\$600,000
	Defense Distribution San Diego, California.	\$15,700,000
	Elmendorf Air Force Base, Alaska .....	\$18,000,000
	McConnell Air Force Base, Kansas .....	\$2,200,000
	Naval Air Facility, El Centro, California	\$5,700,000
	Naval Air Station, Fallon, Nevada .....	\$2,100,000
	Naval Air Station, Oceana, Virginia .....	\$1,500,000
	Shaw Air Force Base, South Carolina .....	\$2,900,000
	Travis Air Force Base, California .....	\$15,200,000
Defense Medical Facilities Office	Andrews Air Force Base Maryland .....	\$15,500,000
	Charleston Air Force Base, South Carolina.	\$1,300,000
	Fort Bliss, Texas .....	\$6,600,000
	Fort Bragg, North Carolina .....	\$11,400,000
	Fort Hood, Texas .....	\$1,950,000
	Marine Corps Base, Camp Pendleton, California.	\$3,300,000
	Maxwell Air Force Base, Alabama .....	\$25,000,000
	Naval Air Station, Key West, Florida .....	\$15,200,000
	Naval Air Station, Norfolk, Virginia .....	\$1,250,000
	Naval Air Station, Lemoore, California ..	\$38,000,000
National Security Agency .....	Fort George Meade, Maryland .....	\$25,200,000
Special Operations Command .....	Fort Bragg, North Carolina .....	\$14,000,000

## Defense Agencies: Inside the United States—Continued

Agency	Installation or location	Total
	Fort Campbell, Kentucky .....	\$4,200,000
	Naval Amphibious Base, Coronado, California.	\$7,700,000
	Naval Station, Ford Island, Pearl Harbor, Hawaii.	\$12,800,000
	Grand total .....	\$525,190,000

(b) **OUTSIDE THE UNITED STATES.**—Using amounts appropriated pursuant to the authorization of appropriations in section 2406(a)(2), the Secretary of Defense may acquire real property and carry out military construction projects for the installations and locations outside the United States, and in the amounts, set forth in the following table:

### Defense Agencies: Outside the United States

Agency	Installation or Location	Total
Defense Logistics Agency .....	Moron Air Base, Spain .....	\$12,958,000
.....	Naval Air Station, Sigonella, Italy .....	\$6,100,000
Defense Medical Facilities Office	Administrative Support Unit, Bahrain, Bahrain.	\$4,600,000
	Grand total .....	\$23,658,000

#### SEC. 2402. MILITARY HOUSING PLANNING AND DESIGN.

Using amounts appropriated pursuant to the authorization of appropriation in section 2406(a)(14)(A), the Secretary of Defense may carry out architectural and engineering services and construction design activities with respect to the construction or improvement of military family housing units in an amount not to exceed \$500,000.

#### SEC. 2403. IMPROVEMENTS TO MILITARY FAMILY HOUSING UNITS.

Subject to section 2825 of title 10, United States Code, and using amounts appropriated pursuant to the authorization of appropriation in section 2406(a)(14)(A), the Secretary of Defense may improve existing military family housing units in an amount not to exceed \$3,871,000.

#### SEC. 2404. MILITARY HOUSING IMPROVEMENT PROGRAM.

(a) **AVAILABILITY OF FUNDS FOR INVESTMENT.**—Of the amount authorized to be appropriated pursuant to section 2406(a)(14)(C), \$20,000,000 shall be available for crediting to the Department of Defense Family Housing Improvement Fund established by section 2883(a)(1) of title 10, United States Code.

(b) **USE OF FUNDS.**—The Secretary of Defense may use funds credited to the Department of Defense Family Housing Improvement Fund under subsection (a) to carry out any activities authorized by subchapter IV of chapter 169 of such title with respect to military family housing.

#### SEC. 2405. ENERGY CONSERVATION PROJECTS.

Using amounts appropriated pursuant to the authorization of appropriations in section 2406(a)(12), the Secretary of Defense may carry out energy conservation projects under section 2865 of title 10, United States Code.

#### SEC. 2406. AUTHORIZATION OF APPROPRIATIONS, DEFENSE AGENCIES.

(a) **IN GENERAL.**—Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1996, for military construction, land acquisition, and military family housing functions of the Department of Defense (other than the military departments), in the total amount of \$3,411,936,000 as follows:

(1) For military construction projects inside the United States authorized by section 2401(a), \$362,087,000.

(2) For military construction projects outside the United States authorized by section 2401(a), \$23,658,000.

(3) For military construction projects at Naval Hospital, Portsmouth, Virginia, hospital replacement, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Years 1990 and 1991 (division B of Public Law 101-189, 103 Stat. 1640), \$24,000,000.

(4) For military construction projects at Walter Reed Army Institute of Research, Maryland, hospital replacement, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102-484; 106 Stat. 2599), \$92,000,000.

(5) For military construction projects at Fort Bragg, North Carolina, hospital replacement, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102-484; 106 Stat. 2599), \$89,000,000.

(6) For military construction projects at Pine Bluff Arsenal, Arkansas, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103-337; 108 Stat. 3040), \$46,000,000.

(7) For military construction projects at Umatilla Army Depot, Oregon, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1995 (division B of Public Law 103-337; 108 Stat. 3040), \$64,000,000.

(8) For military construction projects at Defense Finance and Accounting Service, Columbus, Ohio, authorized by section 2401(a) of the Military Construction Authorization Act for Fiscal Year 1996 (division B of Public Law 104-106; Stat???), \$20,822,000.

(9) For unspecified minor construction projects under section 2805 of title 10, United States Code, \$21,874,000.

(10) For contingency construction projects of the Secretary of Defense under section 2804 of title 10, United States Code, \$9,500,000.

(11) For architectural and engineering services and construction design under section 2807 of title 10, United States Code, \$12,239,000.

(12) For Energy Conservation projects authorized by section 2405, \$47,765,000.

(13) For base closure and realignment activities as authorized by the Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101-510; 10 U.S.C. 2687 note), \$2,507,476,000.

(14) For military family housing functions:

(A) For improvement and planning of military family housing and facilities, \$4,371,000.

(B) For support of military housing (including functions described in section 2833 of title 10, United States Code), \$30,963,000, of which not more than \$25,637,000 may be obligated or expended for the leasing of military family housing units worldwide.

(C) For the Family Housing Improvement Fund as authorized by section 2404(a), \$20,000,000.

(D) For the Homeowners Assistance Program as authorized by section 2832 of title 10, United States Code, \$36,181,000, to remain available until expended.

(b) LIMITATION OF TOTAL COST OF CONSTRUCTION PROJECTS.—Notwithstanding the cost variation authorized by section 2853 of title 10, United States Code, and any other cost variations authorized by law, the total cost of all projects carried out under section 2401 of this Act may not exceed—

(1) the total amount authorized to be appropriated under paragraphs (1) and (2) of subsection (a);

(2) \$161,503,000 (the balance of the amount authorized under section 2401(a) for the construction of a chemical demilitarization facility at Pueblo Army Depot in Colorado); and

(3) \$1,600,000 (the balance of the amount authorized under section 2401(a) for the construction of a Medical/Dental clinic replacement, Key West Naval Air Station, Florida).

## **TITLE XXV—NORTH ATLANTIC TREATY ORGANIZATION SECURITY INVESTMENT PROGRAM**

### **SEC. 2501. AUTHORIZED NATO CONSTRUCTION AND LAND ACQUISITION PROJECTS.**

The Secretary of Defense may make contributions for the North Atlantic Treaty Organization Security Investment Program as provided in section 2806 of title 10, United States Code, in an amount not to exceed the sum of the amount authorized to be appropriated for this purpose in section 2502 and the amount collected from



the North Atlantic Treaty Organization as a result of construction previously financed by the United States.

**SEC. 2502. AUTHORIZATION OF APPROPRIATIONS, NATO.**

Funds are hereby authorized to be appropriated for fiscal years beginning after September 30, 1996, for contributions by the Secretary of Defense under section 2806 of title 10, United States Code, for the share of the United States of the cost of projects for the North Atlantic Treaty Security Investment Program as authorized by section 2501, in the amount of \$197,000,000.

## **TITLE XXVI—GUARD AND RESERVE FORCES FACILITIES**

**SEC. 2601. AUTHORIZED GUARD AND RESERVE CONSTRUCTION AND LAND ACQUISITION PROJECTS.**

There are authorized to be appropriated for fiscal years beginning after September 30, 1996, for the costs of acquisition, architectural and engineering services, and construction of facilities for the Guard and Reserve Forces, and for contributions therefor, under chapter 133 of title 10, United States Code (including the cost of acquisition of land for those facilities), the following amounts:

- (1) For the Department of the Army—
  - (A) for the Army National Guard of the United States, \$7,600,000; and
  - (B) for the Army Reserve, \$48,459,000.
- (2) For the Department of the Navy, for the Naval and Marine Corps Reserve, \$10,983,000.
- (3) For the Department of the Air Force—
  - (A) for the Air National Guard of the United States, \$75,394,000; and
  - (B) for the Air Force Reserve, \$51,655,000.

**SEC. 2602. AUTHORIZATION OF CONSTRUCTION PROJECTS TO BE FUNDED WITH PREVIOUS-YEAR APPROPRIATIONS.**

The following projects and architectural and engineering services and construction design are authorized using prior year appropriations:

- (1) Army National Guard:
  - (A) Hastings Training Range, Nebraska, Modified Record Fire and Multi-purpose Machine Gun Range, \$1,250,000.
  - (B) Bismarck, North Dakota, Aviation Support Facility and Armory Complex Expansion, \$3,650,000.
  - (C) Of the total amount required for architectural and engineering services and construction design, \$1,800,000 is authorized using prior appropriations.

## **TITLE XXVII—EXPIRATION AND EXTENSION OF AUTHORIZATIONS**

**SEC. 2701. EXPIRATION OF AUTHORIZATIONS AND AMOUNTS REQUIRED TO BE SPECIFIED BY LAW.**

(a) EXPIRATION OF AUTHORIZATIONS AFTER THREE YEARS.—Except as provided in subsection (b), all authorizations contained in titles XXI through XXVI for military construction projects, land acquisition, family housing projects and facilities, and contributions to the North Atlantic Treaty Organization Infrastructure program (and authorizations of appropriations therefor) shall expire on the later of—

- (1) October 1, 1999; or
- (2) the date for the enactment of an Act authorizing funds for military construction for fiscal year 2000.

(b) EXCEPTION.—Subsection (a) shall not apply to authorizations for military construction projects, land acquisition, family housing projects and facilities, and contributions to the North Atlantic Treaty Organization Infrastructure program (and authorizations of appropriations therefor), for which appropriated funds have been obligated before the later of—

- (1) October 1, 1999; or
- (2) the date of the enactment of an Act authorizing funds for fiscal year 2000 for military construction projects, land acquisition, family housing projects and facilities, or contributions to the North Atlantic Treaty Organization Security Investment Program.

**SEC. 2702. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1994 PROJECTS.**

(a) **EXTENSIONS.**—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1994 (division B of Public Law 103-160, 107 Stat. 1880), authorizations for the projects set forth in the tables in subsection (b), as provided in title XXI, XXII, and XXIII of that Act, shall remain in effect until October 1, 1997, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1998, whichever is later.

(b) **TABLES.**—The tables referred to in subsection (a) are as follows:

**Army: Extension of 1994 Project Authorizations**

State	Installation or Location	Project	Amount
New Jersey .....	Picatinny Arsenal .....	Advance Warhead Development Facility.	\$4,400,000
North Carolina .....	Fort Bragg .....	Land Acquisition	\$15,000,000
Wisconsin .....	Fort McCoy .....	Family Housing Construction (16 Units).	\$2,950,000

**Navy: Extension of 1994 Project Authorizations**

State	Installation or Location	Project	Amount
California .....	Camp Pendleton Marine Corps Base.	Sewage Facility ...	\$7,930,000
Connecticut .....	New London Naval Submarine Base.	Hazardous Waste Transfer Facility.	\$1,450,000
New Jersey .....	Earle Naval Weapons Station.	Explosives Holding Yard.	\$1,290,000
Virginia .....	Oceana Naval Air Station	Jet Engine Test Cell Replacement.	\$5,300,000
Various .....	Various Locations .....	Land Acquisition Inside The U.S.	\$540,000
Various .....	Various Locations .....	Land Acquisition Outside The U.S.	\$800,000

**Air Force: Extension of 1994 Project Authorizations**

State/Country	Installation or Location	Project	Amount
Alaska .....	Elmendorf Air Force Base .....	Upgrade Water Treatment Plant.	\$3,750,000
	Elmendorf Air Force Base	Corrosion Control Facility.	\$5,975,000
California .....	Beale Air Force Base .....	Educational Center.	\$3,150,000
Florida .....	Tyndall Air Force Base .....	Base Supply Logistics Center.	\$2,600,000
Mississippi .....	Keesler Air Force Base .....	Upgrade Student Dormitory.	\$4,500,000
North Carolina .....	Pope Air Force Base .....	Add To And Alter Dormitories.	\$4,300,000
Virginia .....	Langley Air Force Base .....	Fire Station .....	\$3,850,000

**SEC. 2703. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1993 PROJECTS.**

(a) **EXTENSIONS.**—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1993 (division B of Public Law 102-484, 106 Stat. 2602), authorizations for the projects set forth in the tables in subsection (b), as provided in section 2101, 2301, or 2601 of that Act or in section 2201 of that Act and extended by the Military Construction Authorization Act for Fiscal Year 1996, shall remain in effect until October 1, 1997, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1998, whichever is later.

(b) **TABLES.**—The tables referred to in subsection (a) are as follows:



## Army: Extension of 1993 Project Authorizations

State/Country	Installation or Location	Project	Amount
Arkansas .....	Pine Bluff Arsenal .....	Ammunition Support Facility.	\$15,000,000

## Air Force: Extension of 1993 Project Authorizations

State/Country	Installation or Location	Project	Amount
Portugal .....	Lajes Field .....	Water Wells .....	\$865,000

### SEC. 2704. EXTENSION OF AUTHORIZATIONS OF CERTAIN FISCAL YEAR 1992 PROJECTS.

(a) EXTENSIONS.—Notwithstanding section 2701 of the Military Construction Authorization Act for Fiscal Year 1992 (division B of Public Law 102-190 105 Stat. 1535), authorizations for the projects set forth in the tables in subsection (b), as provided in title XXI of that Act and extended by the Military Construction Authorization Act for Fiscal Year 1995 and the Military Construction Authorization Act for Fiscal Year 1996, shall remain in effect until October 1, 1997, or the date of the enactment of an Act authorizing funds for military construction for fiscal year 1998, whichever is later.

(b) TABLES.—The tables referred to in subsection (a) are as follows:

### Army: Extension of 1992 Project Authorizations

State/Country	Installation or Location	Project	Amount
Oregon .....	Umatilla Army Depot .....	Ammunition Demilitarization Support Facility.	\$3,600,000
	Umatilla Army Depot .....	Ammunition Demilitarization Utilities.	\$7,500,000

### SEC. 2705. EFFECTIVE DATE.

Titles XXI, XXII, XXIII, XXIV, XXV, and XXVI shall take effect on the later of—

- (1) October 1, 1996; or
- (2) the date of the enactment of this Act.

## TITLE XXVIII—GENERAL PROVISIONS

### Subtitle A—Military Construction Program and Military Family Housing Changes

#### SEC. 2801. INFLATIONARY ADJUSTMENTS TO MINOR CONSTRUCTION AUTHORITY.

(a) ACTIVE COMPONENT UNSPECIFIED MINOR CONSTRUCTION USING OPERATION AND MAINTENANCE FUNDS.—Section 2805(c)(1) of title 10, United States Code, is amended by striking out “\$300,000” and inserting in lieu thereof “\$350,000”.

(b) RESERVE COMPONENT UNSPECIFIED MINOR CONSTRUCTION.—Section 18233a(a)(1) of title 10, United States Code, is amended by striking out “\$400,000” and inserting in lieu thereof “\$1,500,000”.

(c) RESERVE COMPONENT UNSPECIFIED MINOR CONSTRUCTION USING OPERATION AND MAINTENANCE FUNDS.—Section 18233a(b) of title 10, United States Code, is amended by striking out “\$300,000” and inserting in lieu thereof “\$350,000”.

#### SEC. 2802. IMPROVEMENTS TO FAMILY HOUSING UNITS.

(a) AUTHORITY.—Section 2825(a)(2) of title 10, United States Code, is amended—

- (1) by inserting “major” before “maintenance”; and
- (2) by inserting “(excluding day-to-day maintenance and repair)” before “to be accomplished”.

(b) LIMITATION.—Section 2825(b)(2) of title 10, United States Code, is amended—

- (1) by striking out “repairs” and inserting in lieu thereof “major maintenance or repair work (excluding day-to-day maintenance and repair)”; and
- (2) by inserting “, out of the five-foot line of a housing unit,” before “in connection with (A)”; and

(3) by inserting “, drives,” after “roads”.

## Subtitle B—Base Closure and Realignment and Environment

### SEC. 2805. CONTRACTING FOR CERTAIN SERVICES AT FACILITIES REMAINING ON CLOSED INSTALLATIONS.

(a) **AUTHORITY UNDER 1988 ACT.**—Section 204(b)(8)(A) of the Defense Authorization Amendments and Base Closure and Realignment Act (Title II of Public Law 100-526; 10 U.S.C. 2687 note), is amended by inserting “or at facilities remaining on installations closed under this title” after “under this title”.

(b) **AUTHORITY UNDER 1990 ACT.**—Section 2905(b)(8)(A) of the Defense Base Closure and Realignment Act of 1990 (part A of Title XXIX of Public Law 101-510; 10 U.S.C. 2687 note), is amended by inserting “or at facilities remaining on installations closed under this part” after “under this part”.

### SEC. 2806. PAYMENT OF STIPULATED PENALTIES ASSESSED UNDER CERCLA.

The Secretary of Defense may pay from funds appropriated to the Department of Defense Base Closure Account (Part II), not more than \$50,000 as payment of stipulated civil penalties assessed under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.) against Loring Air Force Base, Maine.

## Subtitle C—Land Conveyance

### SEC. 2807. TRANSFER OF UTILITY SYSTEMS AT BLUEGRASS ARMY DEPOT, KENTUCKY.

(a) **AUTHORITY TO CONVEY.**—The Secretary of the Army may convey to the City of Richmond, Kentucky (hereinafter the “City”), or to Madison County (hereinafter the “County”), all right, title, and interest of the United States in and to a parcel of real property located at Blue Grass Army Depot, Kentucky, consisting of approximately \_\_\_\_ acres, and all improvements located thereon. The parcel is improved with a sewage treatment plant, sludge disposal facilities, and a sewage collection system.

(b) **RELATED EASEMENTS.**—The Secretary may also grant to the City or the County any easement that is necessary for access to the real property conveyed under subsection a. for operation and maintenance of the facilities located thereon.

(c) **REQUIREMENT RELATING TO CONVEYANCE.**—The Secretary may not exercise the authority granted by subsection a. unless and until the City or the County agrees to accept all improvements in their existing conditions at the time of conveyance.

(d) **CONDITION OF CONVEYANCE.**—The conveyance authorized by subsection a. is subject to the following conditions:

(1) That the City or the County provide water service to Blue Grass Army Depot, Kentucky at a rate mutually agreed upon by the Secretary and the City or the County and approved by the appropriate Federal or State regulatory authority.

(2) That the City or the County comply with all applicable environmental laws and regulations (including any permit or license requirements) in the operation and maintenance of the improvements.

(3) That the City or the County assume full responsibility for operation, maintenance, and repair of the improvements and for compliance with all applicable regulatory requirements.

(4) That the City or the County not commence any expansion of the improvements without the prior approval of the Secretary.

(e) **DESCRIPTION OF PROPERTY.**—The exact legal description of the real property to be conveyed under subsection a., including the improvements located thereon, and of any easements granted under subsection b., shall be determined by a survey and other means satisfactory to the Secretary. The cost of such survey and other services performed at the direction of the Secretary under the authority of this subsection, shall be borne by the City or the County.

(f) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection a. and the grant of any easement under subsection b. as the Secretary considers appropriate to protect the interests of the United States.



## SEC. 2808. TRANSFER OF UTILITY SYSTEMS AT CAMP PARKS, CALIFORNIA.

(a) **AUTHORITY TO CONVEY.**—The Secretary of the Army may convey to the Dublin San Ramon Services District, California (hereinafter the "District"), all right, title, and interest of the United States in and to a parcel of real property located at Camp Parks, California consisting of approximately \_\_\_\_\_ acres, and all improvements located thereon. The parcel is improved with a water treatment plant and a water distribution system with storage tanks.

(b) **RELATED EASEMENTS.**—The Secretary may also grant to the District any easement that is necessary for access to the real property conveyed under subsection a. for operation and maintenance of the facilities located thereon.

(c) **REQUIREMENT RELATING TO CONVEYANCE.**—The Secretary may not exercise the authority granted by subsection a. unless and until the District agrees to accept all improvements in their existing conditions at the time of conveyance.

(d) **CONDITION OF CONVEYANCE.**—The conveyance authorized by subsection a. is subject to the following conditions:

(1) That the District provide water service to Camp Parks, California at a rate mutually agreed upon by the Secretary and the District and approved by the appropriate Federal or State regulatory authority.

(2) That the District comply with all applicable environmental laws and regulations (including any permit or license requirements) in the operation and maintenance of the improvements.

(3) That the District assume full responsibility for operation, maintenance, and repair of the improvements and for compliance with all applicable regulatory requirements.

(4) That the District not commence any expansion of the improvements without the prior approval of the Secretary.

(e) **DESCRIPTION OF PROPERTY.**—The exact legal description of the real property to be conveyed under subsection a., including the improvements located thereon, and of any easements granted under subsection b., shall be determined by a survey and other means satisfactory to the Secretary. The cost of such survey and other services performed at the direction of the Secretary under the authority of this subsection, shall be borne by the District.

(f) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection a. and the grant of any easement under subsection b. as the Secretary considers appropriate to protect the interests of the United States.

## SEC. 2809. TRANSFER OF UTILITY SYSTEMS AT FORT LEAVENWORTH, KANSAS.

(a) **AUTHORITY TO CONVEY.**—The Secretary of the Army may convey to the City of Leavenworth, Kansas (hereinafter the "City"), all right, title, and interest of the United States in and to a parcel of real property located at Fort Leavenworth, Kansas, consisting of approximately \_\_\_\_\_ acres, and all improvements located thereon. The parcel is improved with a water treatment plant and a water distribution system with storage tanks.

(b) **RELATED EASEMENTS.**—The Secretary may also grant to the City any easement that is necessary for access to the real property conveyed under subsection a. for operation and maintenance of the facilities located thereon.

(c) **REQUIREMENT RELATING TO CONVEYANCE.**—The Secretary may not exercise the authority granted by subsection a. unless and until the City agrees to accept all improvements in their existing conditions at the time of conveyance.

(d) **CONDITION OF CONVEYANCE.**—The conveyance authorized by subsection a. is subject to the following conditions:

(1) That the City provide water service to Fort Leavenworth, Kansas at a rate mutually agreed upon by the Secretary and the City and approved by the appropriate Federal or State regulatory authority.

(2) That the City comply with all applicable environmental laws and regulations (including any permit or license requirements) in the operation and maintenance of the improvements.

(3) That the City assume full responsibility for operation, maintenance, and repair of the improvements and for compliance with all applicable regulatory requirements.

(4) That the City not commence any expansion of the improvements without the prior approval of the Secretary.

(e) **DESCRIPTION OF PROPERTY.**—The exact legal description of the real property to be conveyed under subsection a., including the improvements located thereon, and of any easements granted under subsection b., shall be determined by a survey and other means satisfactory to the Secretary. The cost of such survey and other

services performed at the direction of the Secretary under the authority of this subsection shall be borne by the City.

(f) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection a. and the grant of any easement under subsection b. as the Secretary considers appropriate to protect the interests of the United States.

**SEC. 2810. TRANSFER OF UTILITY SYSTEMS AT FORT LEWIS, WASHINGTON.**

(a) **AUTHORITY TO CONVEY.**—The Secretary of the Army may convey to Pierce County, Washington (hereinafter the “County”), all right, title, and interest of the United States in and to a parcel of real property located at Fort Lewis, Washington, consisting of approximately \_\_\_\_\_ acres, and all improvements located thereon. The parcel is improved with a sewage treatment plant, sludge disposal facilities, and a sewage collection system.

(b) **RELATED EASEMENTS.**—The Secretary may also grant to the County any easement that is necessary for access to the real property conveyed under subsection a. for operation and maintenance of the facilities located thereon.

(c) **REQUIREMENT RELATING TO CONVEYANCE.**—The Secretary may not exercise the authority granted by subsection a. unless and until the County agrees to accept all improvements in their existing conditions at the time of conveyance.

(d) **CONDITION OF CONVEYANCE.**—The conveyance authorized by subsection a. is subject to the following conditions:

(1) That the County provide water service to Fort Lewis, Washington at a rate mutually agreed upon by the Secretary and the County and approved by the appropriate Federal or State regulatory authority.

(2) That the County comply with all applicable environmental laws and regulations (including any permit or license requirements) in the operation and maintenance of the improvements.

(3) That the County assume full responsibility for operation, maintenance, and repair of the improvements and for compliance with all applicable regulatory requirements.

(4) That the County not commence any expansion of the improvements without the prior approval of the Secretary.

(e) **DESCRIPTION OF PROPERTY.**—The exact legal description of the real property to be conveyed under subsection a., including the improvements located thereon, and of any easements granted under subsection b., shall be determined by a survey and other means satisfactory to the Secretary. The cost of such survey and other services performed at the direction of the Secretary under the authority of this subsection shall be borne by the County.

(f) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection a. and the grant of any easement under subsection b. as the Secretary considers appropriate to protect the interests of the United States.

**SEC. 2811. TRANSFER OF UTILITY SYSTEMS AT FORT MEADE, MARYLAND.**

(a) **AUTHORITY TO CONVEY.**—The Secretary of the Army may convey to the City of Odenton, Maryland (hereinafter the “City”), all right, title, and interest of the United States in and to a parcel of real property located at Fort Meade, Maryland, consisting of approximately \_\_\_\_\_ acres, and all improvements located thereon. The parcel is improved with a water treatment plant, a water distribution system with storage tanks, a wastewater treatment plant, and a wastewater collection system.

(b) **RELATED EASEMENTS.**—The Secretary may also grant to the City any easement that is necessary for access to the real property conveyed under subsection a. for operation and maintenance of the facilities located thereon.

(c) **REQUIREMENT RELATING TO CONVEYANCE.**—The Secretary may not exercise the authority granted by subsection a. unless and until the City agrees to accept all improvements in their existing conditions at the time of conveyance.

(d) **CONDITION OF CONVEYANCE.**—The conveyance authorized by subsection a. is subject to the following conditions:

(1) That the City provide water service to Fort Meade, Maryland at a rate mutually agreed upon by the Secretary and the City and approved by the appropriate Federal or State regulatory authority.

(2) That the City comply with all applicable environmental laws and regulations (including any permit or license requirements) in the operation and maintenance of the improvements.

(3) That the City assume full responsibility for operation, maintenance, and repair of the improvements and for compliance with all applicable regulatory requirements.



(4) That the City not commence any expansion of the improvements without the prior approval of the Secretary.

(e) DESCRIPTION OF PROPERTY.—The exact legal description of the real property to be conveyed under subsection a., including the improvements located thereon, and of any easements granted under subsection b., shall be determined by a survey and other means satisfactory to the Secretary. The cost of such survey and other services performed at the direction of the Secretary under the authority of this subsection shall be borne by the City.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection a. and the grant of any easement under subsection b. as the Secretary considers appropriate to protect the interests of the United States.

**SEC. 2812. TRANSFER OF UTILITY SYSTEMS AT FORT MONMOUTH, NEW JERSEY.**

(a) AUTHORITY TO CONVEY.—The Secretary of the Army may convey to Monmouth County, New Jersey (hereinafter the "County"), all right, title, and interest of the United States in and to a parcel of real property located at Fort Monmouth, New Jersey, consisting of approximately \_\_\_\_\_ acres, and all improvements located thereon. The parcel is improved with a water treatment plant, a water distribution system with storage tanks, a sewage treatment plant, and a sewage collection system.

(b) RELATED EASEMENTS.—The Secretary may also grant to the County any easement that is necessary for access to the real property conveyed under subsection a. for operation and maintenance of the facilities located thereon.

(c) REQUIREMENT RELATING TO CONVEYANCE.—The Secretary may not exercise the authority granted by subsection a. unless and until the County agrees to accept all improvements in their existing conditions at the time of conveyance.

(d) CONDITION OF CONVEYANCE.—The conveyance authorized by subsection a. is subject to the following conditions:

(1) That the County provide water service to Fort Monmouth, New Jersey at a rate mutually agreed upon by the Secretary and the County and approved by the appropriate Federal or State regulatory authority.

(2) That the County comply with all applicable environmental laws and regulations (including any permit or license requirements) in the operation and maintenance of the improvements.

(3) That the County assume full responsibility for operation, maintenance, and repair of the improvements and for compliance with all applicable regulatory requirements.

(4) That the County not commence any expansion of the improvements without the prior approval of the Secretary.

(e) DESCRIPTION OF PROPERTY.—The exact legal description of the real property to be conveyed under subsection a., including the improvements located thereon, and of any easements granted under subsection b., shall be determined by a survey and other means satisfactory to the Secretary. The cost of such survey and other services performed at the direction of the Secretary under the authority of this subsection, shall be borne by the County.

(f) ADDITIONAL TERMS AND CONDITIONS.—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection a. and the grant of any easement under subsection b. as the Secretary considers appropriate to protect the interests of the United States.

**SEC. 2813. TRANSFER OF UTILITY SYSTEMS AT HUNTER ARMY AIR FIELD, FORT STEWART, GEORGIA.**

(a) AUTHORITY TO CONVEY.—The Secretary of the Army may convey to the City of Hinesville, Georgia (hereinafter the "City"), all right, title, and interest of the United States in and to a parcel of real property located at Hunter Army Air Field, Fort Stewart, Georgia, consisting of approximately \_\_\_\_\_ acres, and all improvements located thereon. The parcel is improved with a sewage treatment plant, sludge disposal facilities, and a sewage collection system.

(b) RELATED EASEMENTS.—The Secretary may also grant to the City any easement that is necessary for access to the real property conveyed under subsection a. for operation and maintenance of the facilities located thereon.

(c) REQUIREMENT RELATING TO CONVEYANCE.—The Secretary may not exercise the authority granted by subsection a. unless and until the City agrees to accept all improvements in their existing conditions at the time of conveyance.

(d) CONDITION OF CONVEYANCE.—The conveyance authorized by subsection a. is subject to the following conditions:

(1) That the City provide water service to Hunter Army Air Field, Fort Stewart, Georgia at a rate mutually agreed upon by the Secretary and the City and approved by the appropriate Federal or State regulatory authority.

(2) That the City comply with all applicable environmental laws and regulations (including any permit or license requirements) in the operation and maintenance of the improvements.

(3) That the City assume full responsibility for operation, maintenance, and repair of the improvements and for compliance with all applicable regulatory requirements.

(4) That the City not commence any expansion of the improvements without the prior approval of the Secretary.

(e) **DESCRIPTION OF PROPERTY.**—The exact legal description of the real property to be conveyed under subsection a., including the improvements located thereon, and of any easements granted under subsection b., shall be determined by a survey and other means satisfactory to the Secretary. The cost of such survey and other services performed at the direction of the Secretary under the authority of this subsection shall be borne by the City.

(f) **ADDITIONAL TERMS AND CONDITIONS.**—The Secretary may require such additional terms and conditions in connection with the conveyance under subsection a. and the grant of any easement under subsection b. as the Secretary considers appropriate to protect the interests of the United States.

#### **SEC. 2814. EASEMENTS FOR RIGHTS-OF-WAY.**

Section 2668(a) of title 10, United States Code is amended—

(1) by striking out “and” at the end of paragraph (9);

(2) by redesignating paragraph (10) as paragraph (12);

(3) by inserting the following two new paragraphs after paragraph (9):

“(10) poles and lines for the transmission and distribution of electrical power;

“(11) poles and lines for communication purposes, and for radio, television, and other forms of communication transmitting, relay, and receiving structures and facilities; and”;

(4) at the end of paragraph (12), as redesignated by this section, by striking out “or by the Act of March 4, 1911 (43 U.S.C. 961)”.

## **Subtitle D—Other Matters**

#### **SEC. 2815. INSTALLATION AND OWNERSHIP OF ELECTRICAL DISTRIBUTION SYSTEM AT YOUNGSTOWN AIR RESERVE STATION, OHIO.**

(a) **FINDING.**—The Congress finds that it would be advantageous to the United States to consider, as a test program, utilizing non-governmental entities to provide certain utility services at Youngstown Air Reserve Station, Ohio.

(b) **AUTHORIZATION.**—The Secretary of the Air Force is authorized to enter into an agreement with a local electric utility or private company to have the utility or company install, operate, and maintain a new electrical distribution system, satisfactory to both the Secretary and the utility or company, at Youngstown Air Reserve Station.

(c) **AGREEMENT.**—The agreement between the Air Force and the utility or company may contain the following terms and conditions:

(1) The Air Force may provide the company with such licenses or easements as the Air Force determines necessary for the installation, operation, and maintenance of the new distribution system.

(2) The resulting electrical distribution system may be the property of the company but any rates for utilities or other services provided by the company to the Government shall not include the cost of installing the new distribution system as authorized by this Act.

(3) Such other terms and conditions as the Secretary considers appropriate to protect the interests of the United States.

(d) **SOURCE OF FUNDS.**—The Secretary may use funds authorized in Title XXIII, Division B, of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106) and appropriated in the Military Construction Appropriations Act, 1996 (Public Law 104-32) for the purpose of rebuilding the electrical distribution system at Youngstown Air Reserve Station, to pay the cost of acquiring the services of the company in accordance with this Act.



## **ALTERNATIVE AUTHORITIES FOR CONSTRUCTION AND IMPROVEMENT OF MILITARY HOUSING**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE,  
*Washington, DC, Thursday, March 7, 1996.*

The subcommittee met, pursuant to notice, at 2:03 p.m., in room 2216, Rayburn House Office Building, Hon. Joel Hefley (chairman of the subcommittee) presiding.

### **OPENING STATEMENT OF HON. JOEL HEFLEY, A REPRESENTATIVE FROM COLORADO, CHAIRMAN, MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE**

Mr. HEFLEY. The committee will come to order. I think I will go ahead and begin. Mr. Ortiz will be here shortly. He is on his way, but you know how those things go. We really do appreciate your being here.

The Subcommittee on Military Installations and Facilities is meeting to conduct what probably will be one of many oversight hearings on the progress the military services and the Department of Defense have made in implementing the Military Housing Privatization Initiative authorized by sections 2801 and 2802 of the National Defense Authorization Act for Fiscal Year 1996.

We fully realize that we just finally managed to get that bill passed, and we fully realize that you have not done a lot, but we thought this would be a good time for us to begin thinking about this again. What you made the mistake of doing was getting this committee very exercised about a problem that you told us about. You convinced us maybe too well, and so we do want to watch the progress of it.

In recent years, considerable attention has been focused on the often poor quality of military family housing and troop housing. This subcommittee has pledged to do what makes sense to work toward a solution to the inadequate and substandard living conditions of our military personnel and their families.

We know this is not going to be an easy task. We went over all these figures last year. I will repeat them just for emphasis here. Approximately 218,000, or two-thirds, of the homes in the housing inventory of the Department of Defense are classified as inadequate. One-quarter of the homes in the DOD inventory are over 40 years old, and two-thirds are over 30 years old. This aging military family housing stock has extremely high maintenance and repair costs, or at least much of it does; and the situation for the single enlisted soldier, sailor, or airman is no better.

Over 600,000 military personnel are assigned to on-base troop housing facilities. The average age of barracks and dormitories is over 40 years, and one-fourth of these facilities are considered substandard and many more in need of significant repair.

Resolving the military housing crisis, if nothing had changed, was estimated last year to take anywhere from 30 to 40 years. This subcommittee took a series of actions last year to try to get us on the right path. To deal with the immediate, high-priority service requirements, the Congress put nearly \$450 million in additional funds into the barracks construction and family housing programs. Those funds will support the construction of nearly 1,200 family housing units, 25 new barracks, as well as substantial renovations of family and single-member housing.

Yet, we know that we cannot rely on additional and sporadic infusions of cash to solve the problem. The bill to solve the family housing problem alone is over \$20 billion.

In looking for another alternative, we also worked closely with the Secretary of Defense on what we all hope will be a longer term solution to much of the problem. The Military Housing Privatization Initiative, a key reform contained in the fiscal year 1996 defense authorization bill, has generated significant interest among local military commands and in the private sector.

The initiative should allow the Department of Defense to leverage scarce resources to accelerate the acquisition of housing for military personnel. It has already generated scores of proposals. Most have been developed by local commanders in cooperation with the community in which they reside, and others have been received, unsolicited, by the military services from private interests.

I am very familiar, for example, with the proposal concerning Fort Carson, which I believe has significant promise to provide housing in a very serious deficit area.

I have also been approached by local community leaders in other parts of the country who have asked for an opportunity to discuss what they can bring to the table to help local military commanders and their military personnel and their families stationed in their communities.

I believe the creative ferment is exactly what we need. I recognize that not every proposal to privatize housing will have merit, nor do I think it will be possible to privatize military housing everywhere. But I do believe we can make substantial progress using these authorities.

I am committed to rigorous oversight in this area. The authorities contained in the Military Housing Privatization Initiative have a 5-year life. At that point, a future Congress will be in a position to assess what works best and make a judgment about whether to make these authorities a part of permanent law. It is my hope our experience can lead the Congress to conclude that we acted wisely and in the best interests of the servicemember and the taxpayer.

Before I yield to Mr. Ortiz, who has arrived here now, for his opening remarks, I would like to take this opportunity once again to express publicly my appreciation to the leadership Secretary Perry has demonstrated on this issue. We and our staffs worked closely in the early development of the Military Housing Privatiza-



tion Initiative and that dialog led, I believe, to a solid piece of legislation.

I also want to thank Mr. Ortiz for his insights into this issue. As many of you know, Mr. Ortiz's leadership led to the limited partnership authority granted the Navy in 1995. We expanded that authority significantly last year to include each of the services. We have a bipartisan commitment on this subcommittee to do what makes sense, and I deeply appreciate the support that the ranking member and all members of the subcommittee have given to this issue.

I got some criticism yesterday for a hearing with Secretary Perry. One of the members up there near me said, "All you did was throw him softballs." When you are talking about this subject, hardballs were not appropriate, I do not think, because I could not have asked for a closer or better working relationship. I do not agree by any means with all the budget priorities that are coming down to us in the budget. As all of you know, I think we are cutting too deeply. I think we are cutting too fast.

So there are a lot of things I do not agree with, but in this area that I have primary responsibility with this committee for, I was just delighted with the kind of working relationship we had, the emphasis put on it from the top to the bottom over at the Pentagon, and I appreciate that so very much.

With that, Mr. Ortiz, I would yield to you for any comments you would like to make.

**STATEMENT OF HON. SOLOMON P. ORTIZ, A REPRESENTATIVE FROM TEXAS, RANKING MINORITY MEMBER, MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE**

Mr. ORTIZ. Thank you, Mr. Chairman. I thank you for holding this hearing today on a subject that I believe is key to the quality of life of our military personnel and ultimately the long-term readiness of our forces.

I join you in welcoming our witnesses this afternoon and look forward to hearing from them regarding the ongoing efforts to implement the privatization authority the services have been given for construction and improvement of military housing.

As many of you know, I have long been concerned about our ability to provide decent and affordable housing to our military personnel, particularly in light of the tight constraints on our military construction budget. I am proud of the contributions of this subcommittee, under the leadership of our chairman and in coordination with the Secretary of Defense, to seek innovative approaches to stretching our limited dollars through partnerships with private industry.

I am particularly excited about the Navy's enthusiastic implementation of the authority provided by the Navy Housing Investment Board, which I understand has been labeled the 803 program. I was pleased to see the Corpus Christi area selected as an initial site, and you can be assured of my ongoing support in this effort. This innovative and practical approach to augmenting military housing was initially conceived and developed by a small community in south Texas and now will benefit the entire Department of

Defense by stretching scarce resources while limiting the taxpayers' liability.

In closing, I also want to commend the Secretary of Defense for his stated commitment to use the tool kit of expanded privatization authority to speed the improvement of housing for our military personnel rather than to shrink budget commitments. The success of this program to improve the quality of life for thousands of service members and their families hinges on that commitment.

Again, I welcome the witnesses and look forward to hearing their description of the status of the Military Housing Privatization Initiative. Mr. Chairman, I would like to thank you again for your leadership in this effort. Thank you.

Mr. HEFLEY. Thank you, Mr. Ortiz.

We only have one panel today, and we hope that we can have good dialog between the subcommittee and those charged with implementing the Military Housing Privatization Initiative. I will first recognize Mr. Bayer, Deputy Assistant Secretary of Defense for Installations, and then I would like to proceed with opening statements from the remaining witnesses in order of service seniority. Mr. Johnson then will follow Mr. Bayer, and then we will have statements from Mr. Holaday and Mr. Dishner.

Mr. Bayer, if you are ready, we would like for you to proceed.

**STATEMENT OF ROBERT E. BAYER, DEPUTY ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS), DEPARTMENT OF DEFENSE**

Mr. BAYER. Thank you, Mr. Chairman. I am glad to be here, glad to talk about this subject. I appreciate the support that you personally and Mr. Ortiz, the rest of this committee, and Congress in general have provided in this major new initiative that we have.

Before I proceed, I want to introduce Mr. Bob Meyer sitting behind me. Bob is the Director of the Housing Revitalization Support Office that is a multiservice organization that is forming the catalyst of learning how to work with these tools. He is working directly with each of the services and was really the key person to make this thing go from a legislative vision to a reality in the towns and communities where installations are.

I would like, with your permission, simply to submit my statement for the record. I tried to cover as much of the detail as possible. I will just make a few points.

Mr. HEFLEY. Without objection, it will be done.

Mr. BAYER. Three points. The first is to try to put the housing revitalization initiatives into a larger picture, as I see it, from at least where I sit. It seems to me that over the last many years, we have been reacting to the changes from the cold war. Through the BRAC process, we all have shared in that painful process of downsizing our infrastructure. We have done a lot overseas to bring our requirement down and try to align our facilities requirement with the force structure that we need. That is still ongoing, but at least for the foreseeable future, we have hit all the decision points and now we are into the implementation, and I think we are making substantial progress with communities along those lines.

So our requirement is going down, but then again, so is our real resources that are available to us, the value of the resources. So



the next challenge that we have been facing is how do you wring the maximum value for every base operating support dollar that Congress supplies to us. That is what this is all about, whether we are talking about relying more on the private sector for commercial services or at least competing with the private sector, because even when we find the in-service option is more cost effective, we have saved money, saved substantial sums of money. So that is part of this overall pattern.

The housing revitalization legislation is another part of that effort to try to wring more value from every dollar that we are authorizing and appropriating to the military construction account. I see all of this as interwoven. You cannot really take one from the other. They are all part of the same piece of cloth. We know there is not going to be more money. Probably there is going to be less money in real dollars. So how do we both wring more value out of every dollar by spending it wisely, and how can we leverage those dollars, which is another way, of course, of wringing value out of it?

The second point I would like to make is that the tools that you authorized last year are potentially really very powerful. But I have to say, even with Bob sitting behind me and his crew of folks from all of the services, that they are powerful tools who are still in the hands of apprentices. We need to learn how to use these tools to at least get up to the journeyman level, and we are not there yet. We are only beginning.

I was thinking of Norm Abrams on PBS, "This Old House," or "Yankee Workshop," and he was talking about safety glasses and all that business. He has all of those tools, but he knows how to use them. You have given us the tools, but we are just starting to learn how to use them. It seems to me that it is incumbent on us to have our safety glasses on when we are beginning to use them.

We want successes. You want successes. We have several different constituencies that we need to convince that this approach, working more like a private sector entity, makes sense. Obviously, the Congress is one constituency. You have given us a lot of authority in an area where you have traditionally held a very, very tight rein, and we appreciate that. So it is incumbent on us to say, OK, we have taken that flexibility and here is what we can come back with in real value to the taxpayer.

The second constituency, frankly, are our commanders. Every time we work with the private sector, we have to give up some manner of control. Right now, with the way we finance and construct and operate our housing or any of our facilities, we have total control. We have maximized control. We have probably minimized efficiency. And as we move toward more efficiency, we are going to have to loosen those controls.

We have a challenge in convincing our commanders that letting up on control is going to be worth it on the basis of the extra value they receive for their people, either in terms of where they are living or where they are working, and that is something that will take time to do. I think we are making some progress, but we really need some solid success stories and then have somebody trumpet those successes around.

The third constituency, frankly, are the ultimate consumers, and when we are talking about housing, I am talking primarily about the enlisted men and women in the armed services. We know that the condition of our facilities are not what we would like. Dr. Perry is interested in that for really two reasons.

One reason is the iron logic he talked about, the relationship between quality of life and readiness and training and recruiting costs and all of that, and that is all very—you can handle that intellectually, and you can see the dollar and cents relationship.

But I think there is a second motivation that he has, and that is when he goes around the world and looks at the condition of the facilities that he as the cabinet officer is responsible for, he looks at it also as a landlord and he is not pleased with the quality of facilities that he is responsible for providing. I think that is an additional motivation that he personally has in making sure that these new procedures work and that they are institutionalized as a different way of doing business. So we have a ways to go, but we have started.

Finally, I wanted to raise the point, I am not sure whether former Secretary Marsh has appeared before this committee, I know he has appeared maybe before the Appropriations Committee, so you know that the Marsh task force has looked at this issue a lot, made a lot of critiques. We are taking those seriously. He stressed the passage of the authorities that you gave us. We are now evaluating those site by site.

We are also looking at his recommendation that we corporatize our housing. We are not at that point yet but we are evaluating that. I do not want to be anything but clear with you to say that we are looking at that and the Secretary has not decided how to move, but we are spending a good deal of time on that.

We are looking forward to making good progress. One of the things I would like to put in the record, if I might, is a list of the 40 or 41 sites that the services have recommended for evaluations. We have about 10 of those that have already been visited. You have already mentioned the two that the Navy has under negotiation at this time. I have to tell you that as we send teams out to visit these sites, we are getting some very, very interesting and innovative proposals from local communities, from local developers.

[The following information was received for the record:]





# Implementation of New Authorities

- Joint Housing Revitalization Support Office (HRSO)
- Services have nominated candidate sites

## • Air Force

- |                 |                 |                  |
|-----------------|-----------------|------------------|
| - McChord, WA*  | - Hurlburt, FL  | - Patrick, FL    |
| - Tinker, OK    | - Hickham, HI   | - Pope, NC       |
| - Lackland, TX* | - Keesler, MS   | - Travis, CA     |
| - Barksdale, LA | - Kirtland, NM  | - Vandenberg, CA |
| - Elmendorf, AK | - LA AFB, CA    |                  |
| - Edwards, CA   | - Malmstrom, MT |                  |

## • Army

- |                   |                       |                  |
|-------------------|-----------------------|------------------|
| - Ft. Carson, CO* | - Ft. Campbell, KY/TN | - Ft. Sill, OK   |
| - Ft. Bragg, NC*  | - Ft. Huachuca, AZ    | - Ft. Eustis, VA |
| - Ft. Hood, TX*   |                       |                  |

## • Navy

- |                         |                       |                        |
|-------------------------|-----------------------|------------------------|
| - NAS, TX (Corpus)*     | - NTEC, RI (Newport)* | - Mitchell Field, NY   |
| - NAVSTA, WA (Everett)* | - NTC, CA (San Diego) | - NAVSTA, FL (Mayport) |
| - NAVSTA, VA (Norfolk)  | - DoD Westover, MA    | - CBC, MI (Gulfport)   |

## • Marine Corps

- |                       |                   |                    |
|-----------------------|-------------------|--------------------|
| - Camp Pendleton, CA* | - Kaneohe Bay, HI | - Albany MCLB, GA* |
|-----------------------|-------------------|--------------------|

\* 10 HRSO site visits completed through March 7, 1996

I have a high degree of confidence that if we are careful in how we use these tools, we can really bring home the kind of extra value that you asked for and we asked for last year. So thank you very much. I would be happy to answer questions.

[The prepared statement of Mr. Bayer follows:]



Hold Until Released  
By The Committee

**MILITARY HOUSING  
PRIVATIZATION INITIATIVE**

Statement of  
Robert E. Bayer  
Deputy Assistant Secretary of Defense  
(Installations)

Before the  
Subcommittee on Military Installations and Facilities  
Of the  
House Committee On National Security

March 7, 1996

Hold Until Released  
By The Committee

Mr. Chairman and distinguished members of the Subcommittee on Military Installations and Facilities, it is a pleasure to appear before you today to provide you with a status report of the Department of Defense's (DoD) implementation of the Military Housing Privatization Initiative, Title XXVIII, Subtitle A, of the National Defense Authorization Act for Fiscal Year 1996. Before proceeding, Mr. Chairman, I want to acknowledge the leadership and support provided by the Congress in general, and this Committee in particular. Without your personal support, we would not be poised today to launch into a major new process to improve living conditions for our service members and their families. We look forward to your continued support as we test these authorities and learn how to best use them to meet our mutual goal of providing our service men and women with quality living accommodations.

## PROBLEM

The quality of life (QoL) of our service members and their families continues to be one of Secretary Perry's highest priorities. Today's service members are a force of volunteers who joined the military for a career, not a two year tour of duty. Over the past three decades, the percentage of military members who are married and the percentage of time they spend deployed away from home have steadily increased, whereas the quality of their housing ... and associated support such as schools, recreation, day care, etc. ... has failed to keep pace.

Secretary Perry recognizes the importance of housing as a key element in the quality of life of our service members and their families. He is determined to improve their living conditions to maintain high morale and a ready force.

His quality of life budget increase last fall was a significant first step. Secretary Perry added \$2.7 Billion over the Future Years Defense Program (FYDP) for several areas of quality of life including quarters allowances, housing maintenance, and recapitalization. As an integral part of this initiative, he chartered the Defense Science Board's Quality of Life Task Force...the Marsh Task Force.

The Task Force members spent several months taking an independent look at the quality of life of service members. Key to this effort was extensive travel and interviews with service members and their families. In its October 1995 report, the Task Force confirmed disconcerting downward trends in perceived quality of life. The panel warned that readiness and morale are in jeopardy. In the panel's view, continuing to neglect these issues risks eroding the force because even the most dedicated service members may leave the service.

The Task Force recommended several ways the Department could improve the quality of life for our service members. One of its top recommendations was to use private expertise and capital to accelerate improvement of government owned housing ... unaccompanied and family housing ... and encourage the development of more affordable housing in local communities. As the Task Force stated, "Well-equipped forces have the instruments to win war and forces satisfied with their quality of life are motivated to fight." It is our job to make sure our forces are satisfied with their quality of life. We know that military deployments require service members' full attention in order to be effective and safe. We want to minimize anxieties about their families during these stressful periods that come all too often in today's world.



The Department currently faces three significant housing problems. First is the condition of DoD owned family housing. Today's military families are living in yesterday's houses. DoD currently houses about 1/3 of our families in over 300,000 government owned family housing units located both on and off base. About 2/3rds of these units need to be renovated or replaced because over the past 30 years, they have not been sufficiently maintained or modernized. Using the traditional military construction approach, it would cost taxpayers nearly \$20 billion to accomplish this task and it would take 30-40 years to solve this problem. Neither the costs nor time lines of the current system of housing construction and modernization meet the challenge we face. We can not afford a "business as usual" approach.

The second problem relates to the other two-thirds of our service families. They live in local communities because of DoD's policy to rely first on the private sector to provide suitable family housing. We do not intend to change this overall strategy. However, we recognize that the majority of service members living in local communities are enlisted personnel whose compensation is at the lower end of the military pay scale. Their income makes it difficult for them to find quality, affordable housing within a reasonable commuting distance. Some of the communities around our installations simply do not have enough affordable, quality rental housing to accommodate our service members.

Finally, our barracks are in desperate need of improvement. Renovation or replacement of barracks is the largest single functional category within the MILCON, and the repair and maintenance (RPM) portion of the Operations and Maintenance (O&M) budget. This resource commitment reflects Secretary Perry's continuing five year commitment to improving the quality of life for single military members. Additional funding by Congress for FY 96 increases both RPM (by \$322 Million) and revitalization of barracks (by \$212 Million). We plan to track these expenditures to ensure that these additional funds are used to improve barracks.

In November, 1995, the Department established the "1+1" standard for new, permanent party barracks construction. This standard prescribes an 11 square meters (118.4 square feet) standard, similar to the design the Army has been using under a waiver for several years. These quarters include two individual living/sleeping rooms with closets, and a shared bath and kitchenette service area. This module will normally house two E1-E4 members or one member E5 and above. Exceptions are approved so a Service can modify this arrangement where mission or overall conditions dictate. This standard is optional for barracks outside the continental United States (CONUS) funded by other than the United States or constrained by site conditions. The Services will begin to phase in adoption of this standard with the FY 96 program.

## SOLUTION

The Department is extremely pleased with the broad new authorities provided in the National Defense Authorization Act for Fiscal Year 1996. They will help us attract private capital to solve our housing problems much more quickly. The new authorities in this Military Housing Privatization Initiative permit:

- 1) Guarantees, both for loans and rental occupancy;
- 2) Conveyance or lease of existing property and facilities;
- 3) Differential payments to supplement service members BAQ/VHA;
- 4) Investments, both limited partnerships and stock/bond ownership; and,
- 5) Direct Loans.

These new authorities can be used individually, or in combination. We believe they will allow us to attract private capital and leverage Military Construction (MILCON) dollars by at least 3 to 1. Establishment of the Family Housing Improvement Fund, with its initial appropriation of \$22 Million in Fiscal Year 1996 and transfer authority, provides an effective mechanism to fund the selected projects. We have requested an additional \$20 Million for this purpose in Fiscal Year 1997. As military construction projects are converted to projects financed using the new authorities, we expect to use the MILCON savings to fund additional projects. The notification and reporting requirements in the law provide Congressional visibility, at key steps, as we proceed.

There is no single "magic bullet" to efficiently and economically revitalize our housing stock or encourage the private sector to meet DoD needs. In real estate, one size does not fit all. Each location, each project, and the terms of each deal will vary according to: market conditions, market penetration, land cost and availability, developer capabilities, and our housing renovation or construction requirements. Approaches that work in one location may fail dismally at another. Therefore, the Department needed, and received from you, a "kit bag" of tools and flexibility to take advantage of each installation's and civilian community's unique circumstances.

## **BENEFITS**

I believe this new housing initiative is the beginning of a mutually beneficial relationship between the Department of Defense and the private sector. For the Department, it will result in faster construction of more housing built to market standards. We expect to save substantially compared to the Military Construction alternative process. Commercial construction and operation is not only faster and less costly than military construction, but private sector funds will also significantly stretch and leverage the Department's limited housing resources ... achieving more improved housing from the same funding level.

There will also be significant investment opportunities in Defense housing for developers and financiers in the private sector. The initiative opens the military construction market to a greater number of development firms. It stimulates the economy beyond traditional MILCON investments through increased private sector building activity because we can build more, and, in some cases put more property on local tax roles.

Because DoD wants the private sector to use more of its own funds to build or renovate housing, and to work with us in leveraging our scarce funds, we must plan, program, budget, and execute projects more like a private entity. That is precisely what we are in the process of doing. Based on these new authorities, we are trying to think and act more like private developers.

## **1996 STRATEGY**

Secretary Perry has given his complete support to this new initiative. In October 1995, in anticipation of enactment of these authorities, he established a joint Housing Revitalization Support Office, the HRSO, representing all Services and augmented with consultant support. At his instruction, the office is staffed with 13 full-time housing and real estate experts from each of the Services and the Office of the Secretary of Defense (OSD).

The HRSO serves as a catalyst for our housing modernization efforts and uses consultant assistance to develop "best practices" and a common approach to analyzing private sector proposals. One of its near term goals is to test as many of the authorities as possible. The HRSO is the Department's focal point of knowledge and expertise necessary to implement this program. It will also manage the Housing Improvement Fund. All relevant information and resources are shared with each of the Services. Together, the HRSO and Services evaluate each initial site; determine which authorities, singly or in combination, will benefit each site; and jointly lead procurement teams that will ultimately negotiate commercial agreements. Ultimately, the Services will use their resources and contracting authority to execute these agreements. Lastly, we plan to gradually incorporate the HRSO authorities into the Service's housing acquisition process.

The HRSO has developed a site data collection protocol and a financial feasibility model to evaluate proposals for all Services, addressing all kinds of markets and requirements. It has worked with the military departments to prioritize about 40 potential sites, and together with the Services, has selected 14 for initial evaluation. Over the past months members of our staff, along with Service Representatives and DoD consultants, were in the field visiting 11 of these sites. They have accelerated this process, visiting 5 additional sites in the last week. Our target is to have about 8-10 projects with up to 2,000 family housing units awarded within the next year. These projects will serve as prototype sites to test the authorities, validate approaches and ... frankly ... learn how we can take best advantage of these powerful tools.

Two projects, one in Corpus Christi, Texas, and the other in Everett, Washington, have already gone out for bid and the contract awards are pending. As we learn how to efficiently contract with these new authorities, we expect it will take about twenty-one months from the time a site is identified, until families are able to move into the new or renovated housing. This represents a vast improvement over our current military construction process which averages 36-48 months from project definition to beneficial occupancy.

At potential sites our teams visit with a variety of people to get a good portrait of the housing market and opportunities. These people include: military housing personnel, lenders, Community Development Agency staffs, State Housing Finance Agency staffs who could issue bonds and implement publicly supported housing programs, and staff of associations that represent real estate professionals, developers, and property managers. Specifically, these site investigations are used to:

- 1) Inform installation commanders about the new authorities and discuss opportunities to satisfy military housing requirements;
- 2) Open lines of communication with local governments and the business community;
- 3) Gather and verify information about the local housing market and the installation housing situation;
- 4) Identify the nature of and reasons for the local housing shortage; and,
- 5) Determine which authorities, if any, are most relevant and potentially most effective for providing quality, affordable housing for military families.



Site visits also determine major potential obstacles to the government in pursuing development, issues such as financial, organizational, or political risks; or community and neighborhood concerns. The visits also identify how these risks might be mitigated or otherwise overcome to create a viable project. Finally, the site evaluations result in a "go, no-go" recommendation and, if appropriate, provide the foundation for initial solicitation plans.

Although the new authorities are flexible, no single authority is likely to be effective for every housing requirement or market condition. We are working with the Services to decide which authorities are likely to best satisfy specific housing requirements so that solicitations can focus on the avenues likely to achieve best value for the government. On site visits by experts from the public and private sector will determine the least costly tool or tools to best accomplish our goal. In some situations, there may not be a better alternative than traditional MILCON.

For example, each authority has a different cost to the government. When we use the financial feasibility model, we estimate the income that would be generated in the form of service members' rent, and determine whether this sum is enough to cover the cost of construction, maintenance, and financing. We will look at the reasons why the private sector has not met the needs of the military. Is it because the local economy is too dependent on the base and that lenders are fearful of downsizing? If service members' income is enough to cover the cost of the project, the only tool we may need to offer might be a mortgage guarantee against risks associated with base closure. Therefore, we would use our "guarantee" tool, rather than funding up to 45% of the development cost with our "joint partnership" tool. In this particular example, the "guarantee" tool would save the taxpayers' money because the guarantee would be scored as an outlay based upon an anticipated default rate, not on the amount of the mortgage guarantee itself.

Ultimately, the HRSO approach requires a basic cultural change in our own business practices. DoD is working diligently to find our way in this new culture. We are learning how to act more like a commercial entity to take advantage of opportunities when they present themselves. Of course, this is not easy. We are not accustomed to delegating authority and relying on consultants. However, we are beginning to do so. We can succeed, and when we do, the rewards can be enormous. With our new authorities, we are working to remedy our housing deficiencies faster and less expensively than would ever be possible under the traditional military construction process. We appreciate that this new approach has also called for changes in your committee's oversight mechanisms. You have met us half way, and we appreciate that.

## CONCERNS

I have three points which I would like to address before I conclude my testimony.

First, we need to maintain at least the same level of Military Construction funding as we are currently receiving. Our primary goal in establishing the Military Housing Privatization Initiative and in developing our new authorities is to solve a 30 year problem in about 10 years within the resource levels currently planned for housing during that 10 year period. This goal is difficult, even with these new authorities, but the more quickly we act, the more quickly we benefit. By acting quickly, we will improve the quality of life of our service members and their families; the Department will retain more of our quality service members; and that in turn will sustain a ready force while reducing recruiting and training expenses.

We need our current level of funds in order to successfully implement these projects with the private sector. If our current level of funding is not maintained, we will *not* speed the improvement of our housing. Rather, we will more likely solve a 30 year problem in 30 years or longer, because we will limit funds available for the private sector to leverage. Key to Service plans to solve their housing shortfalls is their commitment to continue to program resources at about the Fiscal Year 1996 level of \$784 Million. The Fiscal Year 1997 budget request totals \$734 Million.

Second, as you know, Secretary Perry intends that the privatization tools be applied to solving the serious housing modernization needs of our unaccompanied personnel. While this may prove more challenging, we want to use these authorities to improve our barracks. We are proposing a technical modification to the Appropriations Committees that will allow us to carry out the intent of last year's Authorization Act to apply the privatization authorities to unaccompanied, as well as family housing.

Finally, the Marsh Panel recommended that the Department seriously consider transferring its housing operations to a Military Housing Authority. At Secretary Perry's direction we are determining how we could broaden our current housing privatization "kit bag" and improve our housing situation even more rapidly by enabling each military department or service to create its own Military Housing Corporation. We are examining this option and hope to provide you a legislative proposal in this area in a few weeks.

## CONCLUSION

In closing, Mr. Chairman, I thank you and the Committee members for providing me this opportunity to describe our new privatization of military housing program. We will continue to work hard to ensure the success of this program, to access billions of dollars of private capital and the private sector's extraordinary depth of expertise. Together, we will improve the quality of life for hundreds of thousands of service members and their families. This challenge will not be easy, but it is critical, and our troops deserve our best effort. We know that you share these goals, and look I forward to working with you to achieve them. We hope we will continue to receive your strong support, and we are ready to provide whatever details that you may need. This concludes my prepared testimony. I would am happy to answer your questions.

Mr. HEFLEY. Thank you, Mr. Bayer.  
Mr. Johnson.

**STATEMENT OF PAUL W. JOHNSON, DEPUTY ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND HOUSING), DEPARTMENT OF THE ARMY**

Mr. JOHNSON. Mr. Chairman, it is a pleasure for me to appear here today to talk about the family housing initiatives. I have a written statement that I would like to present for the record, but I have a few comments that I would like to make.

We have been making a lot of studies on how you cure this problem. We have about studied it to death, and it is about time that we moved on. We know that today's modern soldier is interested in long-term benefits of a career in the Army. Our volunteer soldiers are the best and brightest that we have ever had, and they place a lot of emphasis on the key quality-of-life issues.

Sixty-five percent of our soldiers are married. A career decision is a family decision. The family's place of residence is of paramount importance to that decisionmaking process. We know that, but we have not been fully successful in providing affordable, contemporary housing where families can feel safe, secure, and comfortable.

Even though we look to the private sector for our primary source of housing for service members, and, in fact, the majority of military families live in private housing, we still have a large government-owned quality housing inventory; and many families prefer to live in housing on-post for convenience, for safety, a place of support, the commissary and the PX, and it is cheaper. As a matter of fact, the off-post people have to pay about 20 percent in excess of the BAQ/VHA. There is no out-of-pocket housing for on-post residents. We take their allowances but we pay all the bills, including the utilities.

Unfortunately, regardless of whether a military family lives on- or off-post, they are forced to make sacrifices by living in 1950-era type housing, crowded, one bath. We are working on that, trying to revitalize those by some replacements.

Past programs certainly helped us to acquire much needed housing through military construction, third-party initiatives, and rental guarantees, but we have never had a sustainable program based on a predictable funding stream that would allow us to develop long-range plans for the acquisition and maintenance of military housing. Thus, we are in a predicament today of having to deal with a deteriorating Government inventory and a shortage of affordable, suitable housing in the community.

Because we have learned from the past, we know that there is no universal solution to the housing problem as a whole. Every installation's housing requirement is impacted by the local housing market conditions. That is why we appreciate the opportunity to develop housing projects to acquire new units and revitalize our existing inventory by implementing the authorities in the National Defense Authorization Act for Fiscal Year 1996. We see this opportunity as one which grants us the flexibility to structure proposals with the private sector. We can now increase the potential worth



of scarce appropriated dollars by leveraging the funds we do receive.

The Army surveyed the major commands and selected seven installations to participate in the fiscal year 1996 program, using the criteria such as housing requirements, asset contribution, local community interest, and support. Each selected installation has a housing requirement that would take years to remedy under the regular traditional construction and improvement projects. The private sector has already expressed an interest in partnering with us to satisfy our mutual needs. We are working closely with the installations to develop viable projects using a mix-and-match combination of all the new authorities.

While we appreciate this significant step toward fixing military housing problems, we also understand that it is not the final step. There are DOD-wide initiatives that will take us even further into the arena of privatization. We believe that we are up to the challenge that lies ahead and will continue to vigorously pursue every opportunity to accomplish our goal of providing quality, affordable housing to our military families.

Mr. Chairman, thank you for your continued support for this important program.

[The prepared statement of Mr. Johnson follows:]

RECORD VERSION

STATEMENT BY

MR. PAUL W. JOHNSON  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(INSTALLATIONS AND HOUSING)  
OASA(I, L&E)

BEFORE THE  
SUBCOMMITTEE ON MILITARY INSTALLATIONS & FACILITIES  
COMMITTEE ON NATIONAL SECURITY  
HOUSE OF REPRESENTATIVES  
SECOND SESSION, 104TH CONGRESS

REGARDING

HOUSING REVITALIZATION OVERSIGHT

March 7, 1996

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## BIOGRAPHY

**PAUL W. JOHNSON**  
**DEPUTY ASSISTANT SECRETARY OF THE ARMY**  
**(INSTALLATIONS AND HOUSING)**  
**OASA(I,L&E)**

Mr. Paul W. Johnson is the Deputy Assistant Secretary of the Army (Installations and Housing) in the Office of the Assistant Secretary of the Army (Installations, Logistics and Environment) and has been in this position since 1983.

As Deputy Assistant Secretary, Mr. Johnson has the oversight responsibility for installation facilities management to include: military construction for Active and Reserve Components and Non-appropriated fund activities; family housing; base realignment and closure activities; real property acquisition, management and disposal; and real property maintenance activities. Mr. Johnson performs liaison with DoD, OMB, the Congress, and other public offices concerning these functions.

Prior to this assignment, he served as the Deputy for Installations and Housing, Office of the Assistant Secretary of the Army (Installations, Logistics and Financial Management) from 1976 - 1983.

Mr. Johnson is a graduate of the University of Mississippi with a Bachelor's Degree in Engineering. His military education includes graduation from the Command and General Staff College, Federal Executive Institute and Industrial College of the Armed Forces. He is a Registered Professional Engineer licensed in the State of Mississippi and is a USAR Colonel (Retired), Corps of Engineers. Mr. Johnson's previous assignments include:

1971 - 1976 Assistant Deputy for Installations & Housing, OASA(I&L)  
 1970 - 1971 Deputy for Family Housing, OASA(I&L)  
 1962 - 1970 Special Assistant for Family Housing, OASA(I&L)  
 1958 - 1962 Supv General Engineer, Army Ordnance  
 1956 - 1958 Supv Construction Engineer, Air Force  
 1955 - 1956 Supv General Engineer, Army Ordnance  
 1952 - 1955 Supv Construction Mgmt Engineer, Air Force  
 1952 June-Dec Construction Mgmt Engineer (Gen), Army  
 1949 - 1952 Active Duty Corps of Engineers

His awards include the Legion of Merit and numerous civilian awards to include Special Achievement Awards, Exceptional Civilian Service Awards, and SES Performance Awards. His Presidential Rank Awards include the Meritorious Executive SES Award and the Distinguished Executive SES Award.

Mr. Johnson is a native of Mountain View, Oklahoma.



### ARMY FAMILY HOUSING

I am pleased to discuss the Army's plan to implement the alternative authorities for construction and improvement of military housing provided in the National Defense Authorization Act for Fiscal Year 1996. Numerous studies have shown that readiness of our forces depends on retaining the high quality, experienced personnel we now have in the military. Quality of life is essential to readiness and housing is fundamental to the quality of life of soldiers and their families. We have now been given the opportunity to make significant improvements to our aging Government owned housing and acquire new housing at locations where a combination of Government and private community assets are not sufficient to satisfy the military housing requirement.

We believe the new authorities will allow us to partner with the private sector to revitalize housing. We have an aggressive program in 1996. Before I describe the program in more detail, I would like to briefly explain how our housing got to where it is today.

### Volunteer Army

Individuals who join the military today are pursuing a career, not a two year mandatory obligation. They are better educated, have higher standards of living, and do not consider their situation to be temporary. Also, more than ever before, they have families. The latest study revealed that approximately 65% of the military forces are married. In addition, a significant number are single parents with family housing requirements.

The expectations of our service members reflect the expectations of their private sector counterparts. Contemporary living standards include more than the authorized square footage and bedroom count. Families need more than quarters, they need a place to call home.

About one-third of our military families live in Government housing. The Army owns about 120,000 houses. The inventory is aging and often does not provide the amenities that are now considered the norm, such as family rooms, more than one bath, adequate storage space and garages. In addition, electrical systems and water pipes need to be replaced. Heating systems are often not efficient. Even though we may have built housing in the past to meet the standards of the day, we have not renovated the housing to keep up with today's standards.

Government housing has not deteriorated overnight. A number of reasons have contributed to the process. We have been faced with an uncertain funding stream that virtually made long range planning an impossibility. Our attempts to fix housing often

resulted in an approach that did not correct the problem, but simply put off the inevitable major repairs to come.

Government management and procurement practices have become increasingly rigid. The lead time required to follow all the specialized procedures can put a project off for years.

These rigid requirements and Government invoked processes cause private investors and developers to back away from Government projects or increase the cost to compensate for their additional time and effort.

Even though our housing inventory is deteriorating, there are long waiting lists at many installations for assignment to Government housing. Why do soldiers and their families often prefer to live in unsuitable housing? The reasons vary from less commuting time, to proximity to support services and facilities, to security and camaraderie.

An even more important factor for on post preference is the cost. Families who live in private facilities off post pay an average of 20 percent more than their housing allowances for housing expenses. Families on post do not have this additional expense.

While there are reasons that many families prefer to live on post, the fact is that approximately two-thirds of our families reside in the private communities surrounding the installation. The accepted policy is to look to the private sector as the primary source of housing for our personnel. Where there is sufficient suitable, affordable housing and the commuting time is not a problem, most families are happy living off post.

However, many families experience financial and emotional hardships when rents are high, and the condition of the only housing they can afford is deplorable. It is not uncommon for a family with three children to be crammed into a two bedroom apartment or an unsafe, dilapidated mobile home. It is much easier for families to cope with the other problems that living off post present, when they are comfortable and secure in a pleasant home environment. Unfortunately, it is too often the case that affordable, suitable housing is not available, and families are involuntarily separated in order to provide for that environment. Our soldiers and families deserve better.

#### SOLVING THE PROBLEM

Our traditional methods of acquiring and renovating housing cannot solve the problem. At current funding levels, it would take about 30 years to correct all of our housing deficiencies. Our soldiers cannot wait that long. Secretary Perry's goal is to reduce that time to ten years. One of the initiatives to

accomplish that goal is to get help from the private sector. By partnering with private investors, we can leverage our limited appropriated funds to get a three-to-one return on our investment. We know the private capital is out there. We must become more businesslike in our approach to tap into that source of funding.

We have had some public/private venture successes in the past. The Wherry and Capehart housing programs brought more than 200,000 houses on line, which constitutes about two-thirds of military housing.

More recently, we have received legislation to acquire housing through agreements with the private sector under the Build-to-Lease Program (Section 2835, Title 10, referred to as Section 801); the Housing Rental Guarantee Program (Section 2836, Title 10, referred to as Section 802); and Leases of Non-Excess Property (Section 2667, Title 10). The Army acquired 4,080 "801" units, 276 "802" units, as well as two projects under Section 2667 at Fort Ord, California.

Unfortunately, none of these housing finance authorities are viable today. Changes to budget scoring rules, or to legal authorities, make these programs unattractive to either financiers, the Government or both.

#### A NEW APPROACH

We have learned from the past, and are better able to identify the disciplines necessary to make Government/Private partnerships work. We know that every installation has unique military housing requirements and that the private housing market conditions impact the military requirement in a myriad of ways. There is no "cookie cutter" solution to apply across the board. Approaches that work at one location may fail entirely at another. The authorities provided in the National Defense Authorization Act for Fiscal Year 1996 provide flexibility for the Services to structure housing projects that will benefit the military population, and at the same time fit into the broader scope of the local communities' housing plans.

It is also to the Services' benefit to be able to mix and match the authorities to create the optimal package to attract private capital. These authorities include loan and mortgage guarantees, mortgage insurance, rental or occupancy guarantees, investments in limited partnerships, and commitments such as lease agreements and differential payments.



## ARMY CAPITAL VENTURE INITIATIVES (CVI) PROGRAM

Anticipating the passage of the new authorities in the National Defense Authorization Act of 1996, the Army established a CVI Team with representation from the Army staff, the U.S. Army Corps of Engineers and private consultants with financial, economic, real estate, property management and other business expertise to formulate Army policy and procedures to implement the new program. Given the DoD guidance to test as many of the tools as possible, we asked the Army Major Commands to review the housing requirements at their installations and determine locations where the military and local housing conditions would be conducive to a CVI project. We asked for nominees to provide a preliminary housing project concept from which we chose seven installations for Fiscal Year 1996. The criteria included evidence of either a valid housing deficit or revitalization requirement, or both, and the ability to develop and perpetuate a positive working relationship with the surrounding community and civic leaders. In addition, we considered enduring installations with a sustained training mission or power projection platform for rapid mobilization and deployment. The seven Army installations are Fort Carson, Colorado; Fort Hood, Texas; Fort Bragg, North Carolina; Fort Campbell, Kentucky; Fort Huachuca, Arizona; Fort Eustis, Virginia; and Fort Sill, Oklahoma. A number of other installations have already expressed interest in participating in 1997.

The CVI team's multi-faceted approach begins with an on-site visit to start the education process. Separate briefings are conducted to bring all the appropriate parties together.

The first briefing informs the installation command group of what the new authorities offer, and identifies the resources (cash, land, facilities) that may be available for consideration as a Government contribution to the project.

The second briefing includes the command group and community members such as the chambers of commerce, local/county/State government officials, real estate, developer and homebuilders associations, financiers, State housing agencies, and local affordable housing groups. This briefing provides an overview of the legislative authorities, and the military housing requirement that the project would attempt to alleviate. Our experience to date has shown that the private sector is very interested in participating in a partnership with the Government to acquire or renovate housing. Their interest is definitely piqued by the incentives and assurances that the Government may provide to decrease the financial risk. We also learn quickly from the private sector why they are not building housing to meet the military demand when there is obviously a deficit. The most voiced concerns are: fear of base closures, realignments, downsizing and extended force deployments; and the fixed income

stream based on the service members' housing allowances (basic allowance for quarters and variable housing allowance) not allowing for an acceptable return on investment.

In addition to the feedback we receive from the local business community, we have also received unsolicited proposals for projects at some of the installations in the Fiscal Year 1996 program. These proposals were obviously conceived with the new legislation in mind. For instance, two separate consortiums are interested in constructing, operating and maintaining housing at Fort Hood as a test site, and then expanding their program to other Army installations in the future. Both proposals require a rental guarantee, or subsidy, or both.

Finally, we help the installation establish a local working group comprised of installation, U.S. Army Corps of Engineers and community representatives. This group is responsible for gathering the data required to perform the economic and pro forma analyses for the feasibility study and subsequent business plan.

During our visits, we emphasize the importance of taking care of our junior enlisted personnel. One way to do that is to reallocate a fair share of housing on post for assignment to the junior families, and develop CVI projects for more senior grade personnel. The greater income stream from the housing allowances of senior enlisted and junior officers makes the project more attractive to an investor and providing more housing on post for junior enlisted members alleviates the financial and other burdens associated with residing off post.

The Army is working closely with the DoD Housing Revitalization Support Office (HRSO) to ensure that the business plans are valid and defensible. We are jointly working with the Office of Management and Budget on the budget scoring for these projects and with private sector experts to validate the business plans.

Following is a brief description of the seven proposed Army housing projects:

Fort Carson, Colorado - Construct 840 new units, revitalize 1,826 existing units. The proposal involves contracting for a non-profit foundation to construct, revitalize, operate and maintain family housing at Fort Carson. The Government will out lease land, convey ownership of all facilities to the private entity and provide either a "soft second" loan or mortgage insurance against base closure, downsizing or extended deployments that impact on the contractor's ability to pay debt service. The Fort Carson business plan is complete and being coordinated with the Army staff for approval.

Fort Hood, Texas - Construct 200 new four bedroom units for enlisted personnel in grades E-7 through E-9. Government land is available and may be considered part of the Government's contribution. An alternative is to build off post and provide a cash contribution or mortgage insurance. Data for the feasibility study is being gathered.

Fort Bragg, North Carolina - Construct two, three and four bedroom units off post and revitalize 219 units on post. Potential to involve the community by disposing of unsightly mobile home complex outside the main gate and rebuilding this site is being investigated. The Government contribution has not been determined. Data for the feasibility study is being gathered.

Fort Campbell, Kentucky - Construct 100 three and four bedroom units off post, targeting higher grade personnel. Reallocate units on post for junior enlisted personnel. Government land is available and may be considered for contribution; however, the private sector has indicated that private land availability is not a problem. The Government contribution has not been determined yet. Data for the feasibility study is being gathered.

Fort Huachuca, Arizona - Construct 100 three bedroom senior NCO units off post, on land purchased by the Government from a local developer. Contribute the land as the Government contribution for a contractor to construct, operate and maintain the units for military priority. Government land is available and could be severed from periphery of installation as another alternative; however, a local "no growth" environmental group would most likely protest. Data for the feasibility study is being gathered.

Fort Eustis, Virginia - Construct 200 units on out leased Government land under the limited partnership provisions of the legislation. Land is adjacent to a local residential area. These units would replace units that were recently disposed of because they were uneconomical to repair. Data for the feasibility study is being gathered. The Government contribution is not yet determined.

Fort Sill, Oklahoma - Fort Sill's original concept to sell 500 existing units and replace them with the proceeds is being reevaluated. The original proposal did not fall within the scope of the legislative authorities.

As you can see, all of the projects are in various stages of development. Ultimately, our Requests for Qualification/Proposal will be negotiated to achieve the optimum housing project that maximizes the Government's contribution and satisfies the requirements of the private sector to get an acceptable return on the investment.



#### FUTURE INITIATIVES

Because the legislation is new, we have not yet had the time to address the adequacy of the authorities. We do know that the Government's attempt to partner with the private sector is a positive step in the right direction. We also know that some of the rules and regulations that drive up the costs of traditional military construction housing projects have not been lifted. We must still comply with Davis Bacon wages, Federal Acquisition Regulations, Competition in Contracting and OMB scoring rules. While these may be considered impediments to attracting private investors, we believe the flexibility and diversity of the 1996 legislation will provide enough incentives to compensate for them.

#### SUMMARY

Mr. Chairman, we have to alleviate the housing shortages and improve the condition of existing housing at our installations. The 1996 legislation gives us the opportunity to try new approaches for providing the quality housing required by our soldiers and their families.

Mr. HEFLEY. Thank you, Mr. Johnson.  
Mr. Holaday.

**STATEMENT OF DUNCAN A. HOLADAY, DEPUTY ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND FACILITIES), DEPARTMENT OF THE NAVY**

Mr. HOLADAY. Thank you, Mr. Chairman, members of the committee. I have a statement I would like to submit for the record, if I may make some additional remarks.

First, I would like to emphasize that the Department of the Navy fully supports the efforts of this committee and of the Department of Defense to increase our reliance on the private sector, using new initiatives that we received in 1995 and that the Department has now received in 1996.

The Navy recognized early on that reliance on the private sector was needed to meet our housing needs, and we greatly appreciate the help we received from Mr. Ortiz and from the members of this committee in allowing us to move forward with that new concept.

I would now like to focus my remarks on the experience that we have gained over the last year with our limited partnership authority. That authority we did receive, as Mr. Ortiz mentioned, during the 1995 Authorization Act. It gave us the authority to enter into partnerships with private developers. We decided to pursue that authority in two different areas, Corpus Christi, TX, including both Ingleside and Kingsville, and Everett, WA. We selected those areas because, first, we had a housing deficit and we needed to test the new authority in those kinds of places where we did have housing deficits. We also wanted to test the authorities in a smaller housing market before tackling larger, more complex problems that we face in San Diego, Camp Pendleton, or Norfolk, VA.

We started out by trying to get industry's views and ideas on what we should be doing with the limited partnership authority. We held an industry forum here in Washington, DC, that was hosted by the Secretary of the Navy. We had over 200 developers attend. It was very well attended. We also had another 200 developers that asked for information on what we learned at the industry forum.

We followed up with preproposal conferences in Corpus Christi and in Everett. Again, both were well attended by developers from the local area and also from across the Nation. We enjoyed an excellent response to our request for proposals for building housing to the Navy's needs in both Corpus Christi and Everett.

Our competitions have been conducted on a best value method, where we have looked at, first, using local construction codes and standards rather than military specs. In doing the competitions and evaluating the proposals we received, we considered site locations, the quality of the construction, financing arrangements, and the expected rate of return on the partnership, both to the Department of the Navy and to the general partner who we would be working with.

Because we wanted to ensure that we gained a great deal of expertise as we looked at these new proposals and tested the new authority, the Navy hired a private consultant with both real estate development and financial expertise to help us evaluate the propos-

als. We also worked very closely with the Office of the Secretary of Defense to ensure that they were aware and would be able to learn the lessons that we gained from trying out these new authorities, and we would be able to enjoy their support as we moved forward.

The housing we were looking for is a mix of two-bedroom, three-bedroom, and four-bedroom homes, and the rental rates that we are using are pegged at about the E-5 housing allowance. We intend to use BAQ plus VHA as an income stream to the development.

Our competitions at Corpus Christi and Everett are almost complete. We have now narrowed discussions to a single bidder in each area, and we expect to reach conclusion within the next month or so. We will, of course, be notifying the committee as we move forward on these projects. We will be receiving about 400 homes in the Corpus Christi area and about 200 homes in Everett at a considerable savings over what would normally have been the MILCON price for obtaining that construction. We have had informal discussions already with the committee staff, and we will provide more formal information to the committee within the next 30 days.

In our view, we have made substantial progress in a very short time with a new program. We appreciate the opportunity to be able to do that. We think we have met our objective and the committee's objective of stimulating the private sector to provide affordable, quality housing at a lower cost to the Navy far sooner than we would have been able to do so under traditional military construction procedures.

Our continuing goal is to solve our housing problem by providing more housing sooner with the same amount of money. We want to capitalize on our experience and use the new tools provided in fiscal year 1996 to solve the housing problems that face our sailors and marines. I will be pleased to answer any questions.

[The prepared statement of Mr. Holaday follows:]



NOT FOR PUBLICATION UNTIL  
RELEASED BY THE HOUSE  
NATIONAL SECURITY COMMITTEE

STATEMENT OF  
DUNCAN A. HOLADAY  
DEPUTY ASSISTANT SECRETARY OF THE NAVY  
(INSTALLATIONS AND FACILITIES)  
BEFORE THE  
SUBCOMMITTEE ON MILITARY INSTALLATIONS AND FACILITIES  
OF THE  
HOUSE NATIONAL SECURITY COMMITTEE  
ON  
MILITARY HOUSING PRIVATIZATION

7 MARCH 1996

NOT FOR PUBLICATION UNTIL  
RELEASED BY THE HOUSE  
NATIONAL SECURITY COMMITTEE

Duncan Holaday  
Deputy Assistant Secretary of the Navy  
[Installations & Facilities]

Duncan Holaday has over 27 years of service with the federal government. He was appointed Deputy Assistant Secretary [Installations & Facilities] in October 1994 and is responsible for:

- Ensuring that the Sailors and Marines that defend America -- and their families -- have excellent places to live, and a decent quality of life.
- Acquiring, constructing, and maintaining excellent facilities for the people, in and out of uniform, who work at Navy and Marine Corps bases.
- Providing base commanders with the freedom, authority, and incentives they need to manage for excellence.

Mr. Holaday began his government service in 1967 as a management intern and, after completing his training, spent the next 15 years of his career as an operations research analyst in the Army [in the Pentagon and in Europe] and in the office of the Assistant Secretary of Defense [Program Analysis and Evaluation] analyzing force structure requirements, force basing, military construction, and manpower issues.

From 1982 to 1987, Mr. Holaday served as a director in the office of the Deputy Assistant Secretary of Defense [Installations], where he implemented the Model Installation Program -- a highly successful test of the proposition that base commanders could do a better job of running their bases when freed of restraints imposed by headquarters -- and developed and implemented DoD-wide real property and base utilization policies. He later served as the Director of the Defense Acquisition Regulatory System & Council and as Executive Director of the Defense Ethics Council.

Before joining the Department of the Navy, Mr. Holaday worked with Vice President Gore on the National Performance Review. He was responsible for developing recommendations for improving real property acquisition and management, and he oversaw government-wide implementation of NPR recommendations for downsizing and streamlining the Federal workforce.

Mr. Holaday has a Bachelor of Arts in Philosophy from Beloit College and a Master of Business Administration from Syracuse University. He is married to Mary Margaret Evans and has one son, who is a doctor in the Air Force.

Mr. Chairman and members of the Committee, I appreciate the opportunity to speak to you today on the Department of the Navy's military housing privatization efforts.

## INTRODUCTION

At any given time, the Department of the Navy has some 100 ships and 23,000 Marines forward deployed conducting presence missions, training and operations with military forces from more than 69 nations. They are there to ensure our national security and protect our interests around the world. We must be able to continue to field a military force that is ready and able to deter aggression, enforce peace, or if necessary, fight to win.

To do so, we must attract, properly train, outfit, and retain top caliber people from across the United States. There is widespread agreement that Quality-of-Life programs are a crucial component in our efforts to recruit and retain bright, hardworking, highly motivated and dedicated Sailors and Marines. Quality-of-Life programs include military pay and allowances, housing, medical care, child care, and morale and welfare programs. We need to invest in these programs just like we invest in technology, combat systems, and weapon platforms.

Today, I would like to discuss our housing program, and in particular our privatization efforts under new authorities granted in the FY-95 and FY-96 Authorization Acts. A career in the Navy and Marine Corps is an arduous one, punctuated by long deployments away from family and friends. This Committee understands the importance of providing a safe and suitable home environment for a spouse and dependents while the member is at sea, and a decent comfortable home to which members can return.



In my statement, I will explain the magnitude of our housing shortfall, discuss the steps we have taken to implement the limited partnership authority in the FY-95 Authorization Act, and our plans for using the new acquisition tools made possible by the FY-96 Authorization Act which this Committee helped bring about.

## HOUSING REQUIREMENTS

Let me begin by re-emphasizing that our first choice is to rely on the private sector to house Navy and Marine Corps families. We have a total of 331,000 Sailor and Marine families that require housing. Of these, 70 percent purchase or rent homes in neighborhoods around the base, and the remaining 30 percent live in military family housing. We own, operate and maintain 96,000 homes and lease another 5,600 homes.

Housing costs for those living in the community are covered under the provisions of Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA) authorities. I would like to note that by law, BAQ/VHA is supposed to cover 85 percent of housing costs, but now only covers on average approximately 80.5 percent. This means that our members must pay about 19.5 percent of their housing cost out-of-pocket, rather than the 15 percent intended. We need to strengthen BAQ/VHA coverage to limit the "absorption" of the members' basic pay to cover housing expenses.

However, not all people living in the civilian community are considered suitably housed. Approximately 26,000 Navy and Marine Corps families, representing 8 percent of the total 331,000 eligible Sailor and Marine families that require housing, cannot find suitable

housing in the communities to buy or rent, either because there is simply not enough housing stock available, or because the available housing is too expensive, requires an excessively long commute, or provides insufficient space for the size of the family. We find that those least able to afford housing -- our junior enlisted members with dependents to support -- are more likely to be unsuitably housed in the community.

We must fix what we own, and close the gap between how much affordable housing the community can provide for our Sailors and Marines, and the housing stock we control. Our primary family housing deficit locations are at Camp Pendleton, California; San Diego, California; Camp Lejeune, North Carolina; and Norfolk, Virginia. In the past, we have sought appropriations to finance the full cost of constructing/leasing additional or replacement units of military family housing, either on base or in nearby neighborhoods. We simply do not own or lease enough homes to adequately house all our Navy and Marine Corps families.

The situation is more complex for our single Sailors and Marines, in that we must not only house "permanent party" unmarried Sailors and Marines, but also "transients" who are attending training courses or otherwise on temporary additional duty. We have an even greater need for revitalizing our aged, poorly maintained bachelor quarters units, as we also transition our inventory of enlisted bachelor quarters units to a new space standard recently approved by the Secretary of Defense.

Our primary housing acquisition tool is military construction. As you know, there are numerous limitations with this approach. Affordability has always been a primary concern. It is even more so with the decline in Department of Defense budgets in the last seven years.

But the traditional military construction approach not only takes a lot of money, it takes a lot of time...four-to-five years or more from conception to occupancy. Even with additional funding provided in the last several years, we do not expect to be able to solve our family housing shortfall until FY-2020 for Navy and FY-2040 for Marine Corps. Replacement of inadequate permanent party Bachelor Quarters will take until FY-2013 for Navy and FY-2015 for Marine Corps.

Clearly, we need new tools if we are to solve our long-standing housing shortages in a more reasonable time.

In the mid 1980s, Congress authorized two new programs: Section 801 "Build-to-Lease," and Section 802 "Rental Guarantees." These initiatives seemed to hold promise, and the Department of Defense developed numerous projects. However, the viability of both programs fell victim to the "scoring" rules (developed by the Office of Management and Budget and the Congressional Budget Office under the Budget Enforcement Act of 1990), which require seeking appropriations for the full amount of potential liability that the government held. The Department of the Navy built eight Section 801 projects totaling 2,400 homes, and the Army built one Section 802 project providing 276 homes for Marines in Hawaii. Because of "scoring" limitations, these two authorities have not been used since FY-91.

We worked closely with members of this committee in 1994 to try to find other avenues to solve our housing shortages. Our goal was to harness private sector capital to build housing, similar to techniques that had been used successfully in the 1950's and 1960's. We



also felt that commercial construction would be faster and less costly because we could take advantage of the portfolios builders were using and the construction techniques they were most familiar with.

### LIMITED PARTNERSHIPS

The FY-95 Authorization Act (10 U. S. Code, Section 2837) gave the Department of the Navy exclusive new authority to enter into limited partnerships with private developers to build housing for our people. As a limited partner, we could contribute up to 35 percent of the development cost of the project, with our liability limited to the financial contribution we made to the partnership. This minimized the "scoring" constraint, as we could only be scored for our stake in the limited partnership, i.e., up to 35 percent, not the cost of the entire project as was the case for Section 801 and Section 802 projects previously mentioned. The partnership would acquire housing that was both suitable and affordable for our military families. We would expect to later recover our investment and reinvest the proceeds to provide additional housing in other housing privatization initiatives. We would of course structure the partnership to ensure that our military families would receive preference for placement in these homes.

The FY-96 Authorization Act expanded the Navy's limited partnership authority to include the other Services, and provided a number of additional new tools. Since this new authority has only been in existence since last month, we are very much still in the planning stage, as I will discuss later. We have, however, made significant progress on the FY-95 authority for limited partnerships. Let me explain.

## PROGRESS IN IMPLEMENTING LIMITED PARTNERSHIPS

As required by the FY-95 Authorization, the Secretary of the Navy established a Department of the Navy Housing Investment Board, which was chaired by the Assistant Secretary of the Navy for Installations and Environment. Comprised of housing and financial leaders from the Department of the Navy, OSD, and General Services Administration, the Board charted a course for identifying, evaluating, and ultimately making recommendations for the Secretary of the Navy to approve a mutually beneficial partnership with a housing developer. As a result of the Board's efforts, we are pursuing partnerships to provide housing in two locations: Corpus Christi, Texas (including the Kingsville and Ingleside areas), and Everett, Washington. These locations were selected because of their housing deficits (1,000 projected shortage at Corpus Christi, and 350 projected shortage at Everett), and the expected interest in this new initiative by housing developers in the area. We consciously chose smaller housing markets to test this new authority. We wanted to score a quick success, and then capitalize on our experience to approach the much larger markets and more complex housing markets in Norfolk, Virginia; San Diego, California; Camp Pendleton, California; and other large deficit locations.

Based on the Board's recommendations, we announced in a May 1995 issue of the Commerce Business Daily our intention to form limited partnerships with private developers to obtain family housing for our Sailors and Marines. We released a draft Request for Proposal (RFP) on May 25, 1995 along with advertisements in major newspapers across the country of an industry forum to explain our intentions with interested developers and to seek their views.

We felt this would be an important step to ensure that the limited partnership we envisioned would truly be a partnership that would be mutually beneficial to both parties.

The day-long industry forum held on May 25, 1995 in Alexandria, Virginia was a great success. Over 200 interested developers attended. There was much discussion concerning our investment objectives, the applicability of federal statutes such as the National Environmental Policy Act (NEPA) and the Davis-Bacon Act, and specific aspects of the Draft RFP. We explained that we would first "pre-qualify" potential partners to identify proposers with experience and demonstrated capability to successfully develop projects of this nature. We wanted to minimize the effort and associated expense for both the Navy and prospective offerors.

Those offerors who pre-qualified were invited to submit specific proposals. These proposals were to be evaluated on the following criteria, in descending order of importance:

- The extent of the Navy contribution and the return on our investment to the partnership;
- The qualifications of the proposer;
- The impact of the project on the environment;
- The proposed mix of housing units;
- The quality of the housing design;
- The housing management plan;
- The construction schedule.



We made a number of changes in the draft RFP as a direct result of comments we received at the industry forum. Specifically, we:

- Incorporated standard industry terms and practices in the solicitation criteria;
- Provided a more detailed description of the technical and cost criteria and the multi-step process that would be used to evaluate proposals;
- Set the preferred rental rate at the BAQ/VHA allowance for an E-5 with dependent.

This represented a rental income stream to the developer of about \$525 per month for Corpus Christi, and \$685 per month at Everett in FY-95.

We issued a formal RFP on June 30, 1995 for the Corpus Christi project, and another on July 21, 1995 for the Everett project. We also held Pre-Proposal Conferences in Corpus Christi on July 25, 1995 and at Everett on August 8, 1995. Local television and newspapers covered the events.

We concluded the pre-qualification screening in September, 1995 and received proposals from the qualified proposers in October, 1995.

We began evaluating the proposals in October with the assistance of a consultant. We established a Technical Evaluation Board to evaluate the technical merits of the proposals, such as the space layout, construction materials to be used, and a Price Evaluation Board to consider the strength of the proposer's financing arrangements, the Navy's investment, and the expected rate of return for the partnership. Both the Technical Evaluation Board and the Price Evaluation Board reported their findings to a Source Selection Board, which identified the best proposal at each location.

As part of the evaluation process, we went to each proposed site in Corpus Christi and Everett to see firsthand what was there now, and how the proposer's project would integrate into current and planned development. We wanted to make sure the partnerships' project would provide homes for our families in a good, desirable location, and that the project would "fit in" with the neighborhood.

As with other contractual efforts, we have gone through a discussion phase with the proposers to gain additional information or to clarify their proposals. The source selection process is now nearing completion. We are now in the process of formalizing the limited partnership agreement with the selected proposer at each location and expect to come to final terms next month. We plan to provide the required Congressional notification in April and sign the limited partnership agreements by May.

We expect to obtain 400 homes in the Corpus Christi/Kingsville/Ingleside, Texas area and 200 homes in Everett, Washington, through these limited partnerships. The homes would consist of a mix of 2, 3, and 4 bedroom units. We plan to use the DoD Family Housing Improvement Fund for these projects.

I think you'll agree that we've truly come a long way on this new effort in a very short time. I am very optimistic that we and our limited partner(s) will be able to make quality, affordable housing available for our Sailors and Marines in the Corpus Christi area and at Everett at a much lower up-front cost and far sooner than we could have using traditional military construction funds.

## FY-96 AUTHORIZATION ACT OPPORTUNITIES

As I mentioned earlier, the FY-96 Authorization Act significantly expanded the number of tools available for us to acquire housing, and superseded the FY-95 limited partnership authorization available only to the Navy. These new tools are available for acquiring housing for both married members and their families, as well as single Sailors and Marines. The FY-96 Authorization Act includes provisions for:

- Direct loans and loan guarantees of up to 80 percent of the value of the project;
- Leasing homes to be constructed by a developer;
- Investments into non-governmental entities, such as the limited partnerships authorized in FY-95. The Act allows conveying land or facilities as the military's contribution to the partnership, which the FY-95 Authorization specifically excluded;
- Rental guarantees;
- Differential lease payments, where we can pay a portion of the lease cost to encourage the lessor to make the housing available to military members;
- Conveyances or lease of existing property and facilities, which allows us to essentially trade unneeded land and buildings to a developer in exchange for the developer providing housing to our military members;
- Interim leases while we construct or acquire homes;
- Waiving specific space criteria as long as the size and type of home conforms with similar housing in the area.
- Allows us to assign military members to houses we acquire under this authority.



The FY-96 Authorization also establishes two accounts: a Department of Defense Family Housing Improvement Fund, and a Department of Defense Military Unaccompanied Housing Improvement Fund. Both of these accounts would provide the financing authority necessary to use the new authorities. There are a number of reporting and notification requirements to the Congress that we must fulfill prior to signing a contract under the terms of this new authority.

We are still in the early planning stages for how best to take advantage of these new authorities. We are currently drafting plans for family housing projects at:

- Norfolk, Virginia;
- San Diego, California;
- Newport, Rhode Island;
- Westover, Massachusetts;
- Long Island, New York;
- Mayport, Florida;
- Pascagoula, Mississippi;
- Camp Pendleton, California;
- Albany, Georgia; and
- Kaneohe, Hawaii.

We are pursuing these efforts with existing staff at the Naval Facilities Engineering Command, their Engineering Field Divisions, and the installations, rather than creating a new organization.

The Housing Revitalization Support Office (HRSO), under the direction of Deputy Assistant Secretary Bayer, is providing overall privatization policy. I view their role as a "broker" in an "investor-broker" relationship with the Services. HRSO has developed a valuable "best practices" approach to analyzing private sector proposals, and helping to gather the necessary analytic data to support the decision process.

We want to consider the unique economic, real estate, and housing construction industry characteristics of an area for each individual project, just as any developer would do. For that reason, I cannot yet say which of the above authorities we would use for a particular project. We may find that we can best use one or more of the new tools to acquire housing areas in some markets, while other markets are best left to the traditional military construction. Given our limited experience so far with these new tools, I think it is premature to identify any legislative adjustments that are necessary at this point.

Our general plan is to use construction funds already authorized and appropriated, or the value of land and improvements, to provide the necessary contribution for future privatization projects. To fund a family housing private venture, we would, for example, transfer cash from a previously authorized and appropriated construction project in the Family Housing, Construction Navy Account to the Defense Family Housing Investment Account, and draw the necessary funds from the latter account to fund the private venture. Similarly, to

fund a private venture housing project for single members, we would transfer cash from a previously authorized and appropriated bachelor quarters project in the Military Construction, Navy Account to the Defense Military Unaccompanied Housing Improvement Fund.

Alternatively, we could deposit the proceeds from the sale of existing housing assets to fund our share of the private venture project. In some cases, we may even be able to use the equity in land or improvements as our equity share in a partnership, and not need any additional cash. In both the Family Housing and the Unaccompanied Housing Accounts, the remaining money would be available to fund other projects, most likely in that same geographical area.

I also want to emphasize that our goal is to provide more housing, and provide it sooner with the same amount of money, to solve our housing shortages. To be successful, this must not turn into a budget cutting expedition. If we take savings out of our construction request, we will turn a ten year solution back into a thirty year problem. Thus, as we prepare to submit the FY-97 President's Budget, we will be asking for authorization and appropriation for traditional military construction of Bachelor Quarters and family housing projects on a scale similar to that in the last several years. We indeed want to provide housing in the areas identified. As we develop projects under the new authority, it is possible, perhaps even likely, that we would use the appropriated funds for a private venture project in lieu of traditional military construction.



## CONCLUSION

In conclusion, I am very pleased with our progress in pursuing limited partnerships under the authority of the FY-95 Authorization Act. We are, of course, sharing our thoughts with the other Services under the leadership of the Deputy Assistant Secretary of Defense for Economic Security. We also want to capitalize on these experiences to take full advantage of the new and broader authorities under the FY-96 Authorization Act. I believe that these new tools, combined with your continuing support, can for the first time actually make solving our housing problem for married and single Sailors and Marines within our grasp.

I will be pleased to answer any questions.

Mr. HEFLEY. Thank you very much.  
Mr. Dishner.

**STATEMENT OF JIMMY G. DISHNER, DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS), DEPARTMENT OF THE AIR FORCE**

Mr. DISHNER. Mr. Hefley, thank you very much. Today is a good day for me because 1 year ago we joined in this position; so I thank you, Mr. Chairman, for inviting all these people to celebrate that anniversary today also with OSD.

I will say it is one of the finest teaming partnerships, and a reason for a teaming partnership is the privatization efforts that we worked in the Air Force with OSD and Mr. Bayer and his team. It has been a challenging but refreshing opportunity because it is a win-win situation.

I will just make some preliminary comments, Mr. Chairman, if you would allow. We look at an overall problem of some 60,000 units of our 114,000 housing units requiring major renovation. The whole process of privatization, as we all know, is a paradigm shift for the Government. We normally do not go to the private sector other than for outsourcing normally, where we have the private sector do something for us using their plant. The paradigm shift is now we are going to give them the opportunity to use their money to do something for us in constructing housing that is needed by all services.

One of the things, and I applaud Mr. Ortiz's comment that we look at the 1996 authorization bill as a toolbox of which we can reach in and pull out those various items that we need to be able to support it. Every one of the positions that we are going to have or projects that we are going to have, no matter what State it is in, is going to be very, very unique. It may be some of the legislation could be used here and others will be used in another location. So we think the toolbox analogy is a good one to have.

We want to stretch our existing resources by being able to shorten the 24-year to 30-year process for going standard traditional MILCON to provide housing by shortening that by, if not a half, by two-thirds, by again using the other source of funds, which is private sector. We can take the 24 and get down to 10, take the 33 and get down to 10. You will hear comments of; it is a 3-to-1 return, and that is where that is coming from.

So we still need to go ahead with our MILCON family housing at the same time they are doing the privatization so within 10 years and 12 years when we meet again and we say, how did we do on that 1996 authorization or any subsequent language and authorization that we might have had, how did we do? How successful were we? We ought to have a report card. The report card ought to say, we did not do it in 10 years, we did it in 11½, or we did it in 9½; but we have now caught up the services and now the low reduced stream of funding, O&M money to handle that housing has now leveled out, and that is our goal in the Air Force as it is with OSD and others.

The Air Force has taken three steps I would like to share with you. I think they are important steps. We did not wait, as the other

services did not wait, until roughly 3½ weeks ago when the authorization bill was signed but we stepped out smartly.

The first thing was that the Air Force civil engineer established an office for privatization where the projects could come from the major commands and be looked at, submitted to my office to be looked at and shared so we had a corporate look-see at exactly how the projects would be handled. Of course, knowing what the authorization bill had in it prior to approval, we were able to have some guidance there. Mr. Bayer and Mr. Meyer's office, which is the HRSO, has been very, very helpful in giving us guidance on how to look at those projects together.

We have also picked up with that Air Force civil engineer group a private consultant who works in that venue of privatization. It is a paradigm shift, as I mentioned. Terms like entrepreneurship, looking at industrial bonding, those things that we normally do not deal with, 801 housing, leases, et cetera, but now we are asked to go another step. We need the support of the private sector to play in that role to be able to give us an understanding as the projects come in from the private sector.

The second thing that has happened, and it was chaired by the Air Force civil engineer, was last month had 75 to 80 local bankers, builders, real estate, the National Association of Home Builders that came in, a conference similar to Mr. Holaday's that he had earlier in 1995 to be able to share with them what we had in a gross sense, numbers of units that we were looking to go to the private sector to take.

I do not think anybody else at the table would disagree. We have not had one negative comment that, first, it is not going to work; second, we are not enthusiastically supportive of it; third, we understand what your problems were before 801 scoring, Davis-Bacon, A-76, those types of things. They understand that better than I think we do sometimes. But they see this as a step process and they are ready to step on board, and I am talking about the private sector.

So here, instead of trying to sell something, we are in the unique position, and I think you referred to that in your comments, Mr. Chairman, of the private sector coming to us and just saying, hey, we are ready to go. With the market and with the interest rates today, I think we are poised to be a good recipient of going out and purchasing that from them.

The third point is that we are working with the OSD HRSO to establish rules of engagement. Again, as I mentioned, how do you deal with this? We have the legislation that we have already started to write under HRSO's guidance. What does the law mean to us? What are the implementing regulations, so that we push down to the lowest level in the Air Force those bases, major command but mostly bases that can deal with the local community, the local development, and put out the request for proposals to be able to bring them in, look at them and say, is that a way to go or not?

Use the HRSO as a sounding block because they have the private sector representation on there and push on with it so we do not have to wait, and Mr. Bayer is totally behind it. The law sets up a 5-year test period. We are not going to wait, the OSD, I do not think, until the end of 5 years to say, well, it was a good idea or

a bad one. We have to go ahead and start the projects, set them up, and as we deliver them over the next 2, 3 years, faster than the normal MILCON, as you know, which takes us 3 to 5 years, then we will be able prior to 5 years to say, this is a slam-dunk.

As Mr. Bayer said, I am sure he will be back to this committee to say, here is some additional legislation that we need as we have gone through this that will further open up our opportunities to go to the private sector to provide the necessary housing.

The Air Force is determined to reach the journeyman status, along with the other services, to get out and make sure that we understand what has been given to us, what you have given to us. We have to be stewards of that, and we have to use it properly and do not trip right out of the box. Let us make sure we have the right projects at the right time; and that is why we are taking some time, again, it has only been 3½ weeks, but take some time to make sure the project that we are putting on the street using the private sector is the one that looks like that is the one that is going to return to us what we want to do, less costly housing within a much shorter period of time than we do with MILCON but meeting all the quality of life items that we have in our current housing that needs to be upgraded and so forth.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Dishner follows:]



DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON NATIONAL SECURITY  
SUBCOMMITTEE ON MILITARY INSTALLATIONS AND FACILITIES

UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 1996

SUBJECT: MILITARY HOUSING PRIVATIZATION INITIATIVE

STATEMENT OF: MR. JIMMY G. DISHNER  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(INSTALLATIONS)

NOT FOR PUBLICATION UNTIL RELEASED  
BY THE COMMITTEE ON NATIONAL SECURITY  
HOUSE OF REPRESENTATIVES



# BIOGRAPHY

UNITED STATES AIR FORCE

**Secretary of the Air Force**  
**Office of Public Affairs**  
 Washington, D.C. 20330-1690

## JIMMY DISHNER

Jimmy Dishner is deputy assistant secretary of the Air Force for installations, Washington, D.C. He is responsible for the management, policy and oversight of the \$6 billion annual Air Force installation and facility programs which include facility management, military construction, family housing, acquisition, maintenance, operation, repair and disposal of real property.

Mr. Dishner was born in Bristol, Va. He earned a bachelor of engineering degree from The Citadel Military College in 1960, and a master of engineering degree from Texas A&M University in 1966.

Mr. Dishner served on active duty from 1961 until 1971, and in the Air Force Reserve from 1971 until 1994 as a mobilization augmentee in the comptroller, logistics, systems and civil engineering disciplines. He was recalled to active duty in 1990 during Operations Desert Shield and Desert Storm, and again from 1992 until 1993. He was promoted to brigadier general in the Air Force Reserve July 30, 1990 and retired July 15, 1994. He assumed his current position in March 1995.



Mr. Dishner is married to the former Linda Witcher of Hamden, Conn., and has two children, Cheryl and Jeffrey.

### EDUCATION:

1960	Bachelor of science degree in civil engineering, The Citadel, Charleston, S.C.
1966	Master of engineering degree, Texas A&M University, College Station, Texas
1966	Squadron Officer School, Maxwell Air Force Base, Ala.
1976	Air Command and Staff College
1982	National Security Management Course

### CAREER CHRONOLOGY:

1. 1960, commissioned as a second lieutenant, Air Force Reserve Officer Training Corps program
2. 1961, student, civil engineering course, Wright-Patterson Air Force Base, Ohio
3. 1961, civil engineering group, Mather Air Force Base, Calif.
4. 1963, chief of industrial engineering, Webb Air Force Base, Texas
5. 1966, graduated from Texas A&M College, College Station, Texas
6. 1966, completed Squadron Office School
7. 1968, commander, 819th Red Horse Squadron, Pleiku Air Base, South Vietnam
8. 1968, construction manager, civil engineering, Headquarters U.S. Air Force, Washington, D.C.
9. 1969, executive officer, deputy director, civil engineer, Headquarters U.S. Air Force, Washington, D.C.

10. 1971, reserve mobilization assistant, deputy director, civil engineering directorate, Headquarters U.S. Air Force, Washington, D.C.
11. 1972, chief engineer, Larwin Corp., Atlantic Division, Washington, D.C.
12. 1974, budget officer, comptroller, Headquarters U.S. Air Force, Washington, D.C.
13. 1974, vice president of operations, Round Valley, Inc., Clinton, N.J.
14. 1979, president, Applewood, Inc., Allentown, Pa.
15. 1984, president and chief executive officer, J. Gordon Dishner Associates, Clinton, N.J.
16. 1984, mobilization assistant to the deputy director, Office of Civil Engineer, Headquarters U.S. Air Force, Washington, D.C.
17. 1986, mobilization assistant to the armament division commander, Eglin Air Force Base, Fla.
18. 1990, mobilization assistant to the Air Force civil engineer, Headquarters U.S. Air Force, Washington, D.C.
19. 1990, recalled to active duty during Operations Desert Shield and Desert Storm, Headquarters U.S. Air Force, Washington, D.C.
20. 1992, recalled to active duty as deputy for base disposal matters, Headquarters U.S. Air Force, Washington, D.C.
21. 1994, retired from Air Force Reserve
22. March 1995 - present, deputy assistant secretary of the Air Force for installations, Washington, D.C.

#### **MAJOR AWARDS AND DECORATIONS:**

Distinguished Service Medal  
 Legion of Merit with oak leaf cluster  
 Bronze Star Medal  
 Meritorious Service Medal with three oak leaf clusters  
 Republic of Vietnam Gallantry Cross with Palm

#### **OTHER ACHIEVEMENTS:**

Outstanding Junior Officer, Phu Cat Air Base, South Vietnam

#### **PUBLISHED ARTICLES:**

"*Reorganization Network*" and "*Management by Critical Path*," Civil Engineer Magazine  
 "*Engineer and Service Reserve Forces*" and "*Men Behind the Uniform*," The Military Engineer, Society of American Military Engineers

#### **PROFESSIONAL MEMBERSHIPS AND AFFILIATIONS:**

Director, The Citadel Alumni Association  
 Fellow, The Society of American Military Engineers  
 Chairman, Tewksbury Board of Adjustment  
 Air Force Association  
 Veterans of Foreign Wars  
 Reserve Officer Association  
 Court Certified Expert, Land Development  
 Professional engineer  
 Howard University School of Divinity Board of Visitors  
 Vice chairman, Design Advisory Committee, USAF  
 Chairman, Planning Assistance Teams, USAF

(Current as of June 1995)

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, GOOD AFTERNOON. I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE DEPARTMENT OF THE AIR FORCE'S HOUSING PRIVATIZATION PROGRAM.

### PRIVATIZATION

OUTSOURCING AND PRIVATIZATION ARE GETTING A LOT OF ATTENTION RIGHT NOW--AND RIGHTFULLY SO. AT A TIME WHEN AIR FORCE MANPOWER IS SEVERELY REDUCED FROM OUR RECENT PAST, ACCOMPLISHMENT OF OUR CONTINUING WORKLOADS BY OTHER MEANS IS A LOGICAL DIRECTION FOR US TO TAKE.

AS YOU KNOW, OUTSOURCING IS NOT NEW TO THE AIR FORCE, WE'VE DONE IT FOR YEARS BY PAYING PRIVATE ENTITIES TO DO WORK FOR US. THE AIR FORCE DOESN'T ACTUALLY CONSTRUCT MOST OF OUR FACILITIES ANY MORE THAN WE ACTUALLY MANUFACTURE F-16 AIRCRAFT. WE'VE ALWAYS TURNED TO PRIVATE MARKET SPECIALISTS TO BRING THEIR EXPERTISE AND EFFICIENCY TO WORK FOR US. OUTSOURCING, IN A BROAD SENSE, IS THEREFORE A FORM OF PRIVATIZATION.



HOWEVER, THE PRIVATIZATION THAT CURRENTLY HAS OUR ATTENTION IN THE AIR FORCE INSTALLATIONS BUSINESS GOES ONE STEP FURTHER--NOT ONLY LETTING THE PRIVATE SECTOR DO OUR WORK IN DESIGNING, CONSTRUCTING, OPERATING AND MAINTAINING OUR FACILITIES, BUT GETTING THEM TO DO THIS WITH THEIR OWN FINANCES. THIS TYPE OF PRIVATIZATION ADDRESSES BOTH OUR LACK OF MANPOWER AND EXPERTISE IN CERTAIN AREAS AS WELL AS OUR LACK OF SUFFICIENT FUNDING TO TAKE CARE OF OUR FACILITY NEEDS--IN THIS CASE OUR HOUSING.

WE APPLAUD THIS COMMITTEE FOR ITS PIVOTAL ROLE IN GIVING THE DEPARTMENT OF DEFENSE A VERY USEFUL TOOL BOX OF AUTHORITIES, ENABLING US TO TAKE ADVANTAGE OF PRIVATE-SECTOR EXPERTISE AND FINANCING TO SOLVE OUR WELL-KNOWN HOUSING PROBLEM.

### **OUR HOUSING PROBLEM**

THE AIR FORCE HAS HISTORICALLY HAD STRONG CONGRESSIONAL SUPPORT FOR OUR FAMILY HOUSING INVESTMENT PROGRAMS. NEVERTHELESS, THE AVERAGE AGE OF OUR FAMILY HOUSING

INVENTORY IS NOW 33 YEARS, AND OVER 60,000 OF OUR 114,000 HOUSING UNITS REQUIRE MAJOR RENOVATION OR REPLACEMENT. THE CURRENT FUNDING STREAM WON'T GET THIS JOB DONE FOR AT LEAST 24 YEARS. SO THERE IS NO QUESTION THAT WE'VE GOT TO AT LEAST SUSTAIN THE CURRENT LEVEL OF INVESTMENT IN OUR MAJOR IMPROVEMENT AND REPLACEMENT PROGRAMS. HOWEVER, WE'VE GOT TO MULTIPLY THE EFFECT OF THESE FUNDS TO DO MORE QUICKER...AND THUS ENTERS PRIVATIZATION.

#### HOUSING PRIVATIZATION INITIATIVE

THE NEW MILITARY HOUSING PRIVATIZATION AUTHORITIES PROVIDED IN THE FISCAL YEAR 1996 NATIONAL DEFENSE AUTHORIZATION ACT WILL ALLOW US TO PARTNER WITH THE PRIVATE SECTOR, PROVIDING LAND, MONEY AND GUARANTEES TO ASSURE PRIVATE DEVELOPERS OF A DURABLE AND PROFITABLE INVESTMENT IN UNITS INTENDED PRIMARILY FOR MILITARY PERSONNEL. AND WHILE WE ARE CURRENTLY CONCENTRATING ON FAMILY HOUSING AS THE MOST IMMEDIATELY PROMISING AREA FOR PRIVATIZATION, WE ALSO LOOK FORWARD TO THE OPPORTUNITIES THESE AUTHORITIES WILL AFFORD US IN PARTNERING WITH THE PRIVATE SECTOR TO BUILD AND REHABILITATE UNACCOMPANIED HOUSING AS WELL.

EMBRACING PRIVATIZATION OF OUR HOUSING REQUIRES A PARADIGM SHIFT-- A NEW MIND SET, BECAUSE THE PRIVATIZATION APPROACH MEANS WE MUST BE WILLING TO SHIFT:

- FROM AIR FORCE-OWNED HOUSING TO HOUSING THAT'S OWNED, MANAGED AND MAINTAINED BY PRIVATE BUILDERS, DEVELOPERS AND PROPERTY MANAGERS, BUT MADE AVAILABLE FOR AIR FORCE USE.
- FROM COSTLY AND SLOW GOVERNMENT-REGULATED DESIGN AND CONSTRUCTION METHODS TO TRULY COMMERCIAL RESIDENTIAL DEVELOPMENT.
- FROM RIGID, INFLEXIBLE, PROGRAMMATIC CONTRACTING APPROACHES TO MAKING THE SMART DEALS TAILORED TO SUIT THE PARTICULAR NEEDS OF THE AIR FORCE AND THE ENTREPRENEUR AT EACH LOCATION.

WE MUST TAKE A CORPORATE VIEW IN IMPLEMENTING THESE PRIVATIZATION INITIATIVES--STRETCHING OUR AVAILABLE RESOURCES TO ADDRESS THE TOTAL AIR FORCE HOUSING PROBLEM. WE MUST

MAXIMIZE EACH SINGLE INVESTMENT AND MINIMIZE THE TIME TO EFFECT SOLUTIONS. WE CAN'T AFFORD TO HOLD ON TO DETERIORATING ON-BASE INVENTORIES FOR FEAR OF LOSING CONTROL OF HOUSING. WE OUGHT TO PRIVATIZE WHEN THE RESULT WILL BE QUICKER, BETTER, CHEAPER HOUSING FOR AIR FORCE FAMILIES. IN SITUATIONS WHERE THIS WON'T BE THE CASE, WE CAN FALL BACK UPON THE TRADITIONAL MILCON CAPITAL INVESTMENT APPROACH--PARTICULARLY IN OUR OVERSEAS INVENTORY. BUT WE MUST AGGRESSIVELY SEEK OUT THE "WIN-WIN" CIRCUMSTANCES TO LEVERAGE THE RESOURCES WE HAVE AND SOLVE OUR HOUSING DEFICIENCIES. OUR GOAL IS TO ACCELERATE THE RENOVATION AND REPLACEMENT OF OUR FAMILY HOUSING NEEDS FROM THE CURRENT 24 YEAR PACE TO 10 YEARS.

#### IMPLEMENTATION

IN ORDER TO IMPLEMENT THIS PRIVATIZATION INITIATIVE, WE HAVE ESTABLISHED AND STAFFED A FACILITIES PRIVATIZATION OFFICE WITHIN OUR HEADQUARTERS CIVIL ENGINEERING ORGANIZATION. THIS OFFICE, WHICH IS SUPPLEMENTED WITH PRIVATE CONSULTANT SUPPORT, WILL ENABLE US TO FOCUS AND PRIORITIZE OUR EFFORTS, PROVIDE A CENTER FOR DEVELOPING AIR FORCE EXPERTISE IN FACILITIES PRIVATIZATION, ASSIST OUR MAJOR COMMANDS AND BASES WITH THEIR



INDIVIDUAL INITIATIVES AND INTERFACE WITH OSD'S HOUSING  
REVITALIZATION SUPPORT OFFICE ON THE PROJECTS WE EXECUTE.

JUST LAST MONTH, THIS OFFICE HOSTED A HOUSING  
PRIVATIZATION CONFERENCE WITH INDUSTRY REPRESENTATIVES AND  
MAJOR COMMAND ENGINEERS, LAWYERS, FINANCIAL MANAGERS AND  
CONTRACTING PERSONNEL. THE DUAL PURPOSE WAS TO GATHER  
PERCEPTIONS ABOUT THE NEW LEGISLATION FROM MEMBERS OF THE  
PRIVATE INDUSTRY ASSOCIATED WITH THE RESIDENTIAL HOUSING  
CONSTRUCTION MARKET AND TO BUILD THE CONFIDENCE AND  
KNOWLEDGE OF THE LEADERS WHO WILL HAVE TO TAKE CHARGE AND  
MAKE THIS WORK WITHIN THE AIR FORCE.

WE ARE NOW WORKING WITH THE OSD HOUSING REVITALIZATION  
SUPPORT OFFICE (HRSO) TO ESTABLISH RULES OF ENGAGEMENT FOR  
PROJECT SUBMITTALS, CONSULTATIONS AND NOTIFICATIONS TO THE  
CONGRESS. WE ARE ALSO IN THE PROCESS OF CONDUCTING JOINT SITE  
VISITS WITH THE HRSO AT THREE OF THE 16 CANDIDATE SITES WE'VE  
IDENTIFIED TO DETERMINE WHETHER THEY ARE GOOD LOCATIONS FOR  
THE NEW AUTHORITIES. THESE FIRST THREE SITES ARE LACKLAND AIR  
FORCE BASE, TEXAS; MCCHORD AIR FORCE BASE, WASHINGTON; AND  
TINKER AIR FORCE BASE, OKLAHOMA. WE WILL FOLLOW UP WITH

INDEPENDENT SITE VISITS AT THE OTHER LOCATIONS TO BROADEN OUR ASSESSMENT OF HOUSING PRIVATIZATION OPPORTUNITIES AND BETTER DEFINE FEASIBLE OPTIONS AT THOSE LOCATIONS.

WE, IN CONJUNCTION WITH OSD, ARE EMBARKING ON A NEW JOURNEY, AND ARE DEFINING THE PROCESS FOR GETTING THERE AS WE GO ALONG. WITHIN DOD WE HAVE THE CHALLENGE OF MAKING SURE WE KNOW WHAT WE'RE DOING BEFORE ENTERING INTO DEALS WITH PRIVATE INDUSTRY AND YET NOT SUCCUMBING TO THE VERY CENTRALIZED, STUDY-THE-ISSUE-TO-DEATH TENDENCY WITH WHICH WE SEEM TO BE SO COMFORTABLE. WE NEED A BALANCED APPROACH AND RATE OF IMPLEMENTATION THAT DOES NOT JEOPARDIZE ACHIEVING OVERALL SUCCESS WITHIN THE FIVE-YEAR WINDOW OF THESE PROVISIONAL AUTHORITIES. WE WOULD APPRECIATE ANY OVERSIGHT FLEXIBILITY THIS COMMITTEE CAN AFFORD WHILE WE EXPERIMENT WITH PROCEDURES AND DEVELOP THE BEST APPROACH TO HOUSING PRIVATIZATION.

THE AIR FORCE IS DETERMINED TO WIN ENOUGH SHORT TERM VICTORIES TO ENABLE THE SECRETARY OF DEFENSE TO SUBMIT A GOOD REPORT TO THE CONGRESS AND SECURE LONG-TERM EXTENSION AND EVEN EXPANSION OF THIS PRIVATIZATION LEGISLATION. WE ALSO ARE

ATTEMPTING TO GET SMART QUICKLY IN ORDER TO EFFECT THE TIMELY TRANSITION OF THIS EFFORT'S ADMINISTRATION FROM OSD TO THE SERVICES, AS WAS ENVISIONED BY THE FISCAL YEAR 1996 ENACTMENT.

IN CONCLUSION, MR. CHAIRMAN, I WANT TO THANK THE COMMITTEE FOR ITS STRONG SUPPORT OF THIS INITIATIVE AND THE BENEFITS IT WILL HAVE IN HELPING US PROVIDE ACCESS TO SAFE AND AFFORDABLE HOUSING FOR OUR MEMBERS. WE ARE EXTREMELY ANXIOUS TO EXECUTE A WINNING PROJECT AND BUILD UP OUR COLLECTIVE CONFIDENCE IN THE PRIVATIZATION SOLUTION.

WE REQUEST YOUR CONTINUED SUPPORT OF OUR HOUSING CAPITAL INVESTMENT LEVEL TO ENSURE THAT WE CAN LEVERAGE THOSE FUNDS TO ACCELERATE, WHERE POSSIBLE, THE IMPROVEMENT AND REPLACEMENT OF OUR DEGRADED HOUSING INVENTORY. THIS INITIATIVE IS IMPORTANT TO THE QUALITY OF LIFE FOR OUR MEMBERS AND OUR ABILITY TO RETAIN OUR COUNTRY'S BEST AND BRIGHTEST MEMBERS IN ITS DEFENSE.

THANK YOU MR. CHAIRMAN, AND MEMBERS OF THE COMMITTEE. I WILL GLADLY ANSWER ANY QUESTIONS YOU HAVE.

Mr. HEFLEY. I appreciate the panel. At least none of you said it is the dumbest idea you have ever heard, and so we are making progress, I think. I have some questions, but I am going to forgo that until the committee has a chance to ask questions, and I would refer to Mr. Ortiz.

Mr. ORTIZ. Thank you, Mr. Chairman.

I have a question for Secretary Bayer. I concur with you that even with the privatization initiatives, the military construction top line needs to remain the same at least until the deficits and shortfalls are corrected and until manageable and rational replacement schedules can be established. Can you assure us that the Department is committed to this, Mr. Secretary?

Mr. BAYER. Of course, it is very difficult to commit anybody to the very long term, and what you are really talking to is the long term. What I can say is that Secretary Perry and our current service Secretaries and service chiefs are committed to the kind of level of effort that they budgeted for last year.

If you look at our budget request in a variety of different subaccounts compared to what you ultimately authorized and appropriated, normally, you plussed us up; and in the 1997 bill, we were unable to match that in our requests. But our requests are certainly in the ballpark of what we requested last year, and that is the kind of litmus test that we are going to be looking at as the services submit their fiscal year 1998 budgets.

With regards to barracks, we do have an extra tool in that. As you know, Secretary Perry agreed to a different barracks standard for much of our new construction. As part of that, each of the services laid out a very long-term plan of getting to that point. That was one of his questions. There is no point in coming up with a standard if you are never going to get there. So we have commitments from the services for lengthy periods of time in the area of recapitalization of our barracks.

So to the extent that I am able to commit the Secretary or the military services, I think you will see that level of commitment, and I think that it will be easier for the services to make that commitment as we can provide more value for every dollar that goes in. Clearly, we do not want to send a message either to the services or to you, frankly, that if we are getting more value, we need less money. That is not the solution for a long period of time.

Mr. ORTIZ. I have something else. You mentioned in your statement that the commanders were afraid that they might lose some of the controls. Can you mention what controls are we talking about? What are they afraid that they might lose by going to this partnership?

Mr. BAYER. Every time you get a private sector entity, whether it is a service contractor or a developer or whatever, in the operation of your business, and particularly housing, a business that is critical to the life of the installation community, to the readiness of the force, the morale of the force, the commanders get nervous about that. What they are nervous about is, are we going to maintain the kind of standards if we turn this over to a commercial developer that I can demand of my civil engineers?

Will I have the opportunity to control who lives in that housing? If I have a service member or a family that is creating a problem,



right now, I can direct them to move out of housing because housing is clearly a benefit that most of our people do not enjoy. They want to hold on to those kinds of controls.

Mr. ORTIZ. Thank you. Thank you for allowing me to question. I would like to also give some of the other members a chance to ask questions, Mr. Chairman.

Mr. HEFLEY. Thank you, Mr. Ortiz.

Mr. Saxton.

Mr. SAXTON. Thank you. Secretary Bayer, there has been a fair amount of discussion about the privatization initiative providing the services to leverage \$3 for every \$1 for investment. Am I saying that correctly?

Mr. BAYER. That is kind of a walking-around number. Actually, I think we can do better than that often.

Mr. SAXTON. I think that is great. But in terms of general discussion, it appears that 25 percent of the investment or thereabouts, more or less, will come from the services, is that right?

Mr. BAYER. Let me tell you how we got to the 1 to 3, which is a little bit dated, quite honestly. It was based on the partnership authorities that the Navy received 2 years ago that limited the amount of equity interest the Navy could have in a project to, I believe, 35 percent. So that is where the 1 to 3 sort of came from. We were going to put in a third of the equity. The private sector would put in two-thirds of the equity.

Mr. SAXTON. And then the housing allowances that Mr. Johnson mentioned in his testimony would, in effect, reimburse the private developer in terms of rent, is that correct?

Mr. BAYER. That is right. Now, it is not always going to be the case that housing allowances are going to be adequate. We may need to supplement them.

Mr. SAXTON. In terms of initial investment, it looks like it will be somewhere between maybe 25 percent and 35 percent?

Mr. BAYER. It may be quite a bit lower than that.

Mr. SAXTON. And it could be lower?

Mr. BAYER. Right.

Mr. SAXTON. In the case of a military installation that has real estate available on base, would that be considered as part of the service investment?

Mr. BAYER. Yes, it would be, and it would depend on whether we would lease the land or, in fact, we would provide the land as an equity contribution.

Mr. SAXTON. And if certain improvements were already available with that land, that would be considered part of the service investment, as well, is that right?

Mr. BAYER. Absolutely.

Mr. SAXTON. Secretary Dishner, let me ask you a parochial question. Of course, you know that McGuire Air Force Base was realigned and became the air mobility base for the east coast, and you probably know that there is a large amount of money being spent there currently on hangars and other improvements. One of the frustrations that we have had, and by we I mean the folks that are trying to carry out the improvements at McGuire, has been that we have not been able to come to closure on a housing plan or even a concept for the needs of the base.

We started out thinking that we would spend \$50 million to have DOD-owned or Air Force-owned housing, and then that was reduced to \$15.9 million. I believe we were going to renovate some of Mr. Johnson's housing which is on Fort Dix next door, and then that changed. Then we decided that we were going to build 300 units for, I think, \$44 million or thereabouts. In other words, we went in a big circle.

When I was preparing for this hearing today, I got out—and I now know that we are considering privatization at McGuire. But when I was preparing to come here today for the hearing, I noticed that under the Air Force list, McGuire Air Force Base is conspicuously absent. Can you tell me why?

Mr. DISHNER. Let me just back up and give some time parameters to your statements. I think it was 6 or 6½ months ago that the Assistant Secretary and I went to McGuire, among other bases—

Mr. SAXTON. Sure.

Mr. DISHNER [continuing]. And reviewed the housing which had already been proffered by Mr. Johnson and the Army, referred to, I believe, as the Laurel Hill housing. Air Mobility Command was already looking at that and assessing that because money had been set aside from the closure account to upgrade that.

We suggested at that time that they look at privatization as a source in addition to that, call in a consultant to do that, look at it within the command but also vis-a-vis the consultant. They did that and just of late, and I am talking about in January or February 1996, found out that because of lead paint within the units themselves it pushed the cost way above the allocation that had been set aside by BRAC.

I went up there and talked to them about 3 weeks ago and then called them about 2 weeks ago and I said, I think it is about time we looked at privatization, knowing that this was going to come off—the list of 16 bases that are shown today, the list that has been submitted to you, obviously would not have included that because privatization was not even on there. But that is a living list, sir. We can add to that. There is no restriction from OSD that those 16 are the only 16 that can play in the HRSO.

As soon as McGuire finishes their review of that, identifies the land—I cannot just say we would like to do privatization. We have to have a document and so forth, and they are working on that.

Mr. SAXTON. Yes, sir.

Mr. DISHNER. The last time I understand in talking with them, Mr. Saxton, which was last week, as I mentioned, was that they thought by the middle of April to May 1, they would have enough information that we could submit and take a look at. So it is not on the list, but it is not there because of any dereliction on their part at all, sir. As soon as they get that in and that looks doable, then we will add that to the list.

Mr. SAXTON. So the only—I am sorry. Go ahead.

Mr. DISHNER. I guess just a broad statement, and then I will let the other services address it themselves. To me, it is a living list. There is not, we are going to do this one and then something else comes up that looks like it is easier to prove the HRSO. To me, that is very, very critical, that we can say, here is one that is going;



it is successful, regardless of the service that does it, and I think we will all benefit from that. So it is off the list, but it is not off the list forever, sir.

Mr. SAXTON. In other words, you have already said that it could be added later, and the reason that it is not on the list is because this list was prepared when—

Mr. DISHNER. Timing only, sir.

Mr. SAXTON [continuing]. The conditions at McGuire were premature in terms of the planning process.

Mr. DISHNER. Yes, sir. We assumed we were going to the Army, which, by the way, may happen. But they are going to scrub that very, very well for me to make sure when they come in we have a good position either way, sir.

Mr. SAXTON. Thank you very much.

Mr. DISHNER. Thank you.

Mr. SAXTON. Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you.

Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

It is good to see Secretary Bayer and also Mr. Johnson and the other two witnesses here this afternoon. In the 1996 authorization bill, a test program to encourage enlisted persons and their families to purchase their own homes off the base with DOD paying part of the interest for the first 3 years, this is now law. It is a test program, and we are talking about all this money we are going to do on better quality of life.

The idea of this legislation came from the Secretary of the Veterans Department who said, we can make loans to these enlisted persons. We can save the Government some money. Instead of building this housing on these bases and closing the bases in 15 or 20 years, why do we not give the enlisted person the chance to buy one of these houses off the base. The individual, when he is shipped out or she is shipped out, they can sell the house. They can bring the family in there and keep the home. They can rent this property.

So, Secretary Bayer, I talked to you about this and also talked to Secretary Perry. I think this has really got a lot of merit to it, but it is a test program. If you do not push it, it is not going anywhere. We only have \$10 million in the program. But really, it has a lot of merit to it.

The Veterans Department wants these enlisted persons. They think they are good loans. They will pay back the loans. They will give them a loan and a place they can come back to. Like many people who come to the Washington, DC, area, years ago, they bought housing here. They kept the housing. They leased it and rented it, and now they have come back and the housing is worth \$½ million dollars where they paid \$60,000 for it 15 years ago. That is what we are trying to do, Mr. Secretary. I wish you would help us out.

Mr. BAYER. Mr. Montgomery, I have to apologize for not getting back to you after you called Monday. There are several things I have found out. Under Secretary Vogel from the Veterans Administration had just, apparently within a day or so, written to Dr. Dorn, who is our Under Secretary for Personnel and Readiness,

and he is the one who is likely to manage this program. I will be honest with you. As of this morning, that letter was in his office but had not yet migrated to his desk. So I got a copy of it, saw what Mr. Vogel had said, and talked to his contact point about it. So we have begun a dialog with the Veterans Administration.

There is not any money included for this program in the fiscal year 1996 appropriations bill. Our accountants and comptroller folks have looked at what flexibility we have to fund it during this fiscal year, and frankly, the only place they have so far identified is the Family Housing Operations Fund for the defense agencies.

We asked for, I believe, \$40 million for that purpose in the budget request last year. Ultimately, we received \$30 million through the appropriations process, so that is not a very attractive place to take another 25 percent and devote to a purpose that we did not budget it for.

But we are beginning negotiations with the VA as to how to do this. I will say that home ownership is a small but important part of this entire housing solution. Most of the services are not terribly enthusiastic about home ownership for junior enlisted people because their folks move so often; but that is not entirely the case, and there are some services and specialties that want that.

Mr. MONTGOMERY. Would the gentleman yield? The Defense Department was not very enthusiastic about the Montgomery GI bill, either, and now you want it.

Mr. HUNTER. And who won that one? [Laughter.]

Mr. BAYER. The GI.

Mr. HUNTER. I saw it on television the other day.

Mr. BAYER. In any case, to answer your question, we do not have a funding stream at the moment.

Mr. MONTGOMERY. You can take it out of the hide somewhere in this budget restraint.

Mr. BAYER. Right.

Mr. MONTGOMERY. I think we have E5's and above who would be eligible for it, so I think you are wrong about saying junior enlisted personnel. We are not moving the troops around as much as we used to. We are trying to keep them there 3 or 4 years because it costs a lot of money to move them. I do not know. I just think that enlisted men should be considered. That is all I am trying to do.

Mr. BAYER. I agree with you. I agree with you. Home ownership is a small part of this overall venture, and the authorities that you sponsored last year are a way to do that and we are exploring how to make that happen.

Mr. MONTGOMERY. Just to follow up on it, Mr. Chairman, that is my problem. You just have to push them in the Defense Department to move along, and I am not going to quit. I have about 8 more months, and I am going to stay right on it.

Mr. BAYER. I was just disappointed that you did not say you were happy to see us under more favorable circumstances, having been the veteran of the BRAC process.

Mr. MONTGOMERY. Yes; we got crossed up on base closure. Who won that base closure?

Mr. BAYER. You won that. [Laughter.]

Mr. HEFLEY. Mr. Bayer, I might just ask, could you possibly find the money by taking it out of National Guard armories? [Laughter.]



Mr. BAYER. I would say that would be a major reprogramming, Mr. Chairman.

Mr. MONTGOMERY. There is not any money in there, anyway.

Mr. HEFLEY. Mr. Hostettler.

Mr. HOSTETTLER. Mr. Chairman, I have no questions at this time.

Mr. HEFLEY. Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman.

I want to go back to what Mr. Saxton was talking about on this list. All of the services have lists, and you say they are living documents, so to speak. Have you established priorities, and what are your capacities to fulfill your wish list here as to these programs? What can you do? What is your plan?

Mr. BAYER. That is a very good point, and I think that puts this list in some relevance. Our strategy for this year is to do between 8 and 10 projects because we are in the bottom of a learning curve, and we cannot afford not to have successes. So our appetite and our opportunities that this list represents, and it certainly is not exhaustive but it is an indication of opportunities, are much broader than what we intend to do during this first year.

So how many of these 40 or so will we see done? Probably about 8 or 10. The two that the Navy is doing are so far along we are almost certain that they will be part of that 8 or 10.

The services came up with those lists based upon several criteria, and I think Secretary Dishner spoke of that some in terms of the requirements. Obviously, we want to use these authorities where we have housing problems.

Also, we do not want to try to come up with a 100-percent solution at any base because our base population fluctuates up and down. We would rather get to that 70- to 80-percent solution, and if we could do that everywhere, then we would work on that next 10 percent. So that is another consideration. We are not interested in particularly a 100-percent solution at one place right now.

Then the third one is that we are looking, as he said, for places where there are opportunities, where either the commander sees opportunities or where the community sees opportunities, and we have had a lot of interest, some unsolicited, some solicited interest. So our goal in looking at these 8 to 10 projects is not to produce the most housing, but it is to see if we can test these authorities over the full spectrum of conditions that they were designed to ameliorate.

Right now, we do not have the authority to do barracks, and that is an appropriations problem, a transfer problem. We have asked the Appropriations Committee to correct that in this year's bill.

But we are looking at on-base and off-base solutions, renovation versus new construction, replacement. We are not really looking at expanding our stock of housing. We are looking for either replacing or renovating, for the most part.

We are looking at different market conditions, places like complex markets, as Secretary Holaday said, like San Diego, and less complex places where they are really dependent on the base, folks like Killeen, TX. Colorado Springs really falls probably in the middle.

So that is what we see as the realm of the possible, and we are going to winnow that list down to find the 8 or 10 that are the most attractive based on those objectives for this current year. We hope that as we learn, our learning curve will go up dramatically and we will see more and more of whatever list we have being able to be converted.

The other issue is that the strategy here, with the exception of this small amount of seed money that we have asked for last year and this year, is that we want to convert military construction projects into this kind of a privatization scheme. So if you have a base that otherwise has a lot of these attributes, but there is nothing in the budget that provides authorization or appropriation authority, then you are going to have to look to this small bit of seed money. So those are all the constraints that we face.

Mr. PETERSON. In all of these projects, and in DOD in a general sense, acquisition reform is a part of how we save money. I would assume that some of the innovations that are being looked at in that area are going to be applied to these programs. If they are not, I would like for you to comment on that.

As part of that, when I look at the unit cost for a military house, I choke a tad because if I go through, and I have done this, I have done the mean residential cost data, of course, it is a little dated, 1993, but nevertheless, doing a comparison, at McDill, you are going to have an \$8.8 million project for 56 units. It comes out to \$157,000 per unit—\$157,000.

Mr. BAYER. Right.

Mr. PETERSON. I assume this is for roughly 1,600 square feet. If I do a civilian, and we already own the property, incidentally, on this.

Mr. BAYER. Right.

Mr. PETERSON. If I look at that from an ordinary contractor's standpoint and use the cost data that is in here, though I know there is some preparatory work and maybe some beautification and other things that one has to do, to max it out, I mean, even using all the worst possible case scenarios, it is \$73,000 in Tampa.

I want to use every buck to create a unit. I do not know where all this money is going. It is twice as much. There is something wrong with this picture. Would you please comment on that and ask if there are pieces of legislation that are encumbering you in providing us better unit cost. We need to know that so we can change the legislation. But this is a problem. We have to fix this. If you can, give me your reasons why there is such a vast difference between what I can buy on the street and what I have to buy on the base.

Mr. HEFLEY. Let me mention the name "Davis-Bacon" to Mr. Peterson. That might help answer some of the questions.

Mr. PETERSON. Look, this is a 100-percent increase. Davis-Bacon, I will give you another \$25,000. I do not care, whatever it costs. It cannot be another \$70,000. It just cannot.

Mr. BAYER. I think you are absolutely right, and I think Davis-Bacon is sort of like a moth to the light. Everybody talks about Davis-Bacon. Some places, it makes a significant difference. Some places, it makes virtually no difference. But it is a whole body—



Mr. PETERSON. In Florida, incidentally, it would make no difference.

Mr. BAYER. Right. There is a whole body of both procedure and law that equates to what you are talking about. We tried to look at this parametrically, taking the statistics that the National Home Builders Association used for the average size house, the average square footage, and the average cost or sale, and then we tried to make an apple-to-apple comparison and that was not easy.

I do not suggest that we necessarily got it right, but we took out profit from the sale, not from the construction itself. We discounted the land because we usually have the land. Sometimes we do not have to put even an infrastructure. We tried to convert—

Mr. PETERSON. Everything you have said so far are reductions in the cost.

Mr. BAYER. Absolutely. Right. Then we looked at the fact that from the civilian side, they are looking at gross square footage. When we come to you with a project, we are talking about net square footage, because until we were relieved, at least for these new authorities, of the statutory requirements, they were based on net square footage. It is not too bright, but that is what we did and that is what Congress did years ago.

So after you got all through this rumination and trying to balance it all out, it looked like we were spending in the neighborhood of 30 to 35 percent more per square foot than the commercial side was getting. So whether it is 50 percent or 35, it is a lot.

We have been asked, and we are looking at trying to figure out what precisely are the components and to what extent does each component contribute to that. My personal opinion is that is going to be a very, very difficult task, and I am not at all sure we are going to come up with an answer; but we do have enough anecdotal information, enough vectors to know that 25 to 30 to 35 percent is what we are paying in addition to what we ought to be paying.

So you are absolutely correct, and part of that is what we have asked for in terms of specifications. Part of it is our procurement process. And, frankly, we do not even reflect all of our costs because there are overheads that your consumer will ultimately pay for when he buys a home or she buys a home that we do not even account for.

So we do need to get out of the box that we are in that includes internal processes, thorough acquisition regulations, and legislation, and we are attempting to do that. I would like to provide you for the record a fuller answer in that regard, but you are absolutely correct.

Mr. PETERSON. I absolutely would very much appreciate it if you would bring back to this committee the repairs that this committee can provide to you to bring down this abnormal cost. We cannot afford to pay a 35-percent premium on anything. This is ridiculous.

The other part is that I am afraid that you will let these contracts based on a 35-percent balloon on these projects that you are looking at now. If a contractor comes in with a deal and it is inflated, using your numbers, you are going to say it looks OK and we cannot do that. So you have to repair this quickly or else we on this committee are going to buy, instead of buying with this \$8.2 million, we are going to buy 56, we ought to buy 100 units. I do

not think anyone on this committee is going to support that. And from my own view, if we do not repair this, then the rest of these programs that we are giving you will fail.

I thank you, Mr. Chairman.

[The following information was submitted for the record:]

#### REPORT ON IMPEDIMENTS

Mr. Robert E. Bayer signed the report to the Committee on National Security and the Senate Committee on Armed Services, May 24, 1996, addressing impediments to the private sector participating in family housing projects. A copy is attached.

OFFICE OF THE  
UNDER SECRETARY OF DEFENSE,  
Washington, DC, May 24, 1996.

Hon. FLOYD D. SPENCE,  
*Chairman, Committee on National Security,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Report of the House Committee on National Security accompanying the National Authorization Act for Fiscal Year 1996, Report 104-131 (page 281) directs the Secretary to review current statutes and regulations affecting the acquisition and improvement of military family housing. The Report further directs the Secretary to submit a report on his findings, including recommendations for changes to applicable statutes and regulations. This letter responds to that requirement.

Housing is critical to the quality of life of military service members, and therefore critical to overall readiness. Accordingly, improving military housing is one of the Secretary's top priorities. The Department must develop the most efficient, timely and effective means of acquiring state of the art housing to best meet its needs, at the best value to the government. Using private sector residential standards and the proven expertise of private developers will help the Department acquire the housing it needs today and in the years to come.

One of the obstacles encountered in military housing projects is the unwillingness of many smaller private sector firms and local communities to do business with the government because of the government's complex system of laws and regulations and its burdensome administrative and reporting requirements. These firms and communities are eminently capable of offering innovative solutions to our housing problems.

Secretary Perry's directive on the use of performance specifications, including commercial and nongovernment standards, and the Department's acquisition reform strategy to develop innovative methods of funding government projects, are important steps to eliminating obstacles that increase the government's cost of doing business.

In that regard, the recently enacted Military Housing Revitalization Act of 1995 offers the potential to make great strides in improving military housing, by using private capital and involving private sector firms in family housing projects. This will enable DOD to leverage government funds, drive down the cost of quality housing and accelerate the solution to some of the Department's current housing problems. Using private sector residential standards, practices, and materials will ensure state of the art homes will be acquired which are comparable to the units many civilian families enjoy today at a fraction of the cost and time compared to current military construction procedures. Project by project reports comparing the actual number of homes built under this authority to the number of homes that would have been built using military construction procedures will indicate the efficiencies realized.

The enclosed list of long-standing laws which, if modified or eliminated, could further improve the way the Department does business, were some of the same laws identified by private sector businesses as significant barriers in the Federal acquisition process. Many were included in DOD's January 1993 Report to Congress of the Acquisition Law Advisory Panel on Streamlining Defense Acquisition Laws. These include government cost accounting standards, requirements to provide product cost data, overly burdensome accounting, record keeping and reporting requirements, and requirements for material to meet military specifications. While each rule or requirement had a purpose for its adoption, it often adds little or no value to the product itself, and contributes to a cumbersome and complex system, driving up the costs of the finished product.



Enactment of the Federal Acquisition Streamlining Act of 1994, and most recently the Federal Acquisition Reform Act of 1995, addressed the application of these laws to the acquisition of commercial items and components. This resulted in the implementation of new Federal Acquisition Regulation Parts 10, 11, and 12, and the designation of certain programs as pilots to demonstrate the accelerated use of these provisions. Recent progress reports from Defense Acquisition Pilot Programs, begun in December 1994, indicate that changes to some of the requirements mentioned above, as well as shorter solicitation and source selection cycles, and increased use of commercial practices and materials, produced significant benefits and cost reductions in some areas. While these programs pertain primarily to major weapons and aircraft systems, the improvements can potentially extend to housing by making it easier for the private sector to participate in family housing projects. Further, efforts are underway to facilitate the interaction between the Federal Acquisition Regulations (FAR) Part 12, Acquisition of Commercial Items and FAR Part 36, Construction and Architect-Engineer Contracts, with a goal to allow easier procurement of commercial items under these two parts.

A similar letter was also forwarded to the Senate Committee on Armed Services.

Sincerely,

ROBERT E. BAYER,  
*Deputy Assistant Secretary of Defense—Installations.*

Enclosure.

#### LAWS IMPACTING THE INVOLVEMENT OF PRIVATE INDUSTRY IN MILITARY HOUSING PROJECTS

Procurement Requirements in 10 USC Chapter 137.

Military Construction Laws in 10 USC Chapter 169.

Truth in Negotiations Act (10 USC 2306a).

The Military Leasing Act (10 USC 2667).

The Small Business Act (15 USC 637).

Federal Prison Industries (18 USC 4121–4128).

The Prompt Payment Act (31 USC 3901).

The Davis-Bacon and related acts (40 USC 276).

The Walsh-Healy Act (41 USC 34–45).

Javits-Wagner-O'Day Act (41 USC 46–47).

The Competition in Contracting Act (41 USC 251).

The Service Contract Act (41 USC 351).

Federal Cost Accounting Standards (41 USC 422).

The Contract Disputes Act (41 USC 601–13).

The Homeless Assistance Act (42 USC 11301).

The National Environmental Policy Act (42 USC 4331).

The Federal Property and Administrative Services Act (June 30, 1949, Chapter 288, 63 Stat. 377).

Uniform Relocation Assistance and Real Property Acquisition Policies Act (PL–91–646).

Fire Administration Authorization Act (PL 102–522).

Mr. HEFLEY. I might mention that the committee has requested of the Secretary of Defense a report on the impediments to doing this—

Mr. BAYER. And that is in the works right now.

Mr. HEFLEY. Yes, it is in the works. I think it was due February 1. We have not received it yet. But as long as you are working on it, we do want to get that, because I think Mr. Peterson touches on a very important problem and obviously you all are thinking that, as well.

Mr. Tejeda.

Mr. TEJEDA. Thank you, Mr. Chairman.

I just have a question here. Let me just say, speaking of housing initiative projects, if the first set of housing initiatives is a success, how will this affect other installations in the same city which were not identified as candidates? For example, the Air Force has identified Lackland Air Force Base as a candidate, yet Fort Sam Houston could stand to benefit if the program succeeds. And, as you know,

San Antonio, TX, is Military City, U.S.A. We have five military bases there, and I was just very concerned and wanted to see if you could answer that question; that if one of them gets this housing initiative project, why not some of the others, particularly if they were needed?

Mr. BAYER. I guess the short answer is, we have to start out somewhere. I do not think, for instance, in the case of Lackland, which is probably what, a renovation or a replacement project, I do not think it is going to prejudice Fort Sam Houston or Randolph or Brooks. I think perhaps a better answer might be why could you not do it community-wide, and that is an issue that we have dealt with and we are looking at that, but right now, we are looking at it from a service-by-service, base-by-base projection.

In fact, the Army does have interests in Fort Sam Houston in fiscal year 1997, so that might occur. But I do not think a success at Lackland is going to in any way prejudice another base in the area, for one reason, because oftentimes we have people from multiple services staying on our bases, not so much in San Antonio because we have a pretty big corpus of housing for each of those major complexes, but there are other places where you only have one base but you have a number of ancillary activities.

So, for instance, if you have a major improvement somewhere in Mississippi, say at Keesler Air Force Base, there is a potential that you will have Navy people who live in the area also using that housing. So this is something that will benefit all of the services, even if it is one service's initiative.

Mr. TEJEDA. That is all, Mr. Chairman. Thank you.

Mr. HEFLEY. Thank you.

Mr. Underwood.

Mr. UNDERWOOD. Thank you, Mr. Chairman.

This is not specific to the issue of the privatization of housing but more to the issue of the privatization just in general of service contracts, which have been of increasing importance and intensity. I want to ask what is loosely termed a parochial question relative to Guam, but since it is 10,000 miles away, it is all encompassing. We will make it a little bit broader framework.

As you well know, Mr. Secretary, we did not do too well in BRAC; and one of the things that is kind of curious to us is that even subsequent to that and over the past few years, there has been a lot of privatization of different services, particularly at Anderson and even in some of the naval activities. There has been a great deal of concern on island that many times, these contracts are let out and local companies are not even apprised of them. There is no mechanism for apprising them.

In particular regard, since we did not do too well in BRAC, we thought maybe there has been some kind of consideration given to that reality so that some of the benefits of the privatization of many of the services that are occurring on military bases accrue to local contractors, because right now, we are getting a double whammy with that. First, workers are being laid off as services are being privatized; and the services are being privatized to companies that are not from Guam, even though there may be companies that can provide some of those services.



I would be interested in trying to understand how we could better benefit from that or what kind of impediments maybe we can overcome to make some of those contracts at least more known to local contractors so we can have more of our people involved in those.

Mr. BAYER. Duncan, do you want to speak to that at all?

Mr. HOLADAY. No.

Mr. BAYER. No. [Laughter.]

Mr. UNDERWOOD. That is the same response I got.

Mr. HOLADAY. I have taken the question down. I will check and get back to you on it.

[The following information was submitted for the record:]

DEPARTMENT OF THE NAVY, OFFICE OF THE  
ASSISTANT SECRETARY, (INSTALLATIONS AND ENVIRONMENT)  
Washington, DC, September 20, 1996.

Hon. JOEL HEFLEY,

*Chairman, Subcommittee on Military Installations and Facilities, Committee on National Security, Washington, DC.*

DEAR MR. CHAIRMAN: Your letter of 5 September 1996 asked for additional information promised during your subcommittee hearing held on 7 March 1996 on Fiscal Year 1997 Department of Defense military construction budget request. I am enclosing the promised information. I regret the oversight in not previously providing this information earlier.

DUNCAN HOLADAY,  
*Deputy Assistant Secretary (Installations and Facilities).*

Attachment.

We share your interest in ensuring that the Guam business community have the opportunity to participate fully in all future contracting initiatives involving Navy activities in Guam. We view the expansion of the competitive market in Guam as mutually beneficial as much from our perspective as a buyer of goods and services as the Guamanian business community views it from its perspective as a potential provider of these same goods and services.

We comply with the provisions of the Federal Acquisition Regulations (FAR), which requires us to advertise all solicitations over \$25,000 in the Commerce Business Daily. The FAR also requires that all solicitations over \$5,000 be posted locally to apprise perspective bidders of upcoming contracts.

To ensure that the local business community in Guam is acquainted with the bidding procedures and where to find out about upcoming solicitations, the Naval Facilities Engineering Command will take additional measures to acquaint the local business community on how to participate in solicitations for Navy services in Guam. Representatives of the Naval Facilities Engineering Command will advise your office in Guam of these additional steps that will be taken.

Mr. BAYER. I think we are going to have to answer it for the record, but let me talk just a little bit about service contracting, because it is an issue that I have more than a peripheral interest in, although it is not my primary responsibility.

I think there are three things that have to happen to make contracting work and in this respect it works both for the community and also for the military.

You have to contract or explore contracting in a milieu where you are going to have competition. You have to have competition after that first contract is let. Otherwise, you are not going to have the pressure to keep costs down.

You are going to have to contract in such a way that you can control costs; and you are going to have to, from the military's point of view, learn how to manage by contract. If we do not, the costs rise or else the services are not responsive.

If you do not have all three of those, in my estimation, that initiative is going to fail. You are not going to save the amount of money, and you are also not going to have the level of service that our military services are expecting and ought to have.

I do not know the answer to your specific question except to say that in service contracting, the employees who are displaced have the right of first refusal to positions. That is not to say that the wages are the same, unfortunately. Oftentimes, whether the prime contractor is local, usually the nature of the services are such that the subcontractors are local and the employees are local.

But I realize that the economy of Guam, based on the economics and the geography, is not analogous to a lot of other places in the country; so I think an answer to your specific question really needs to be thought out more carefully than I can do off the top of my head.

[The following information was submitted for the record:]

#### UTILIZATION OF LOCAL CONTRACTORS FOR PRIVATIZATION WORK IN GUAM

Delegate Underwood asked if there is anything being done to enhance local contractors obtaining work at military installations especially those in Guam. The Department has no ongoing program to have local vendors singled out for government contracts but contracting activities announce contract work over \$25,000 through the Commerce Business Daily and post notices of contracting opportunities, over \$10,000 but less than \$25,000, in local contracting offices. Also, procurement officials place notices of solicitations on the Federal Acquisition Computer Network (FACNET) for vendors to read. These announcements allow local vendors an opportunity to submit proposals to accomplish government requirements. Additionally, some military requirements are met through the small business set-aside program which usually goes to local vendors.

Mr. UNDERWOOD. And certainly do not interpret my question as a plea to constrict the bases. It is rather to include, and I think that is really the genesis of the question. It appears that we are getting the worst end of a lot of deals, and in the service contracting, my intent is not to constrict or in any way prejudice what DOD is doing but more or less to find a way to include more local participation in that.

The only way that we are going to get that is to continue to raise the issue. It is not a question that there are people who are trying to keep local contractors from having the opportunity. It is just that if you do not make any noise about it, if you do not raise the issue, no one pays any attention to it and we do not get any attention.

Mr. DISHNER. If I could address your question, Congressman, in the broad sense, the Air Force in the last 20 days, 22 days, in fact, has put out a contracting missile that says that communities in the way that they contract construction or anything that we needed from the outsourcing, no matter where that base is at, that community is to be brought in so that we are not excluding them from bidding on projects. That is across the board, and I cannot give you a real example of a base that that is happening.

That comes from, as Mr. Bayer has stated, that when we have national contracts that save us millions of dollars, when we got into that and started looking, we realized that they did not ship the job to Wisconsin or to wherever the company was. The company went to Guam and hired local people to do the job. I use that as



an example, sir, and that may not be the right one for Guam. But the point is that that was not focused enough.

So the contracting community in the Air Force has addressed that specific issue to make sure that the communities have a chance to do that. Although we may have a cross-national contract and that looked real good and only about eight firms could bid on that, we sort of excluded the local community from actually benefiting from the jobs that are there; albeit when we called and asked about that, the majority of the firms said, wait a minute. I cannot afford to fly people from here to there to do the job. We go local and try to use them in that.

I am in a contracting area that is not under my forte, but it was driven by the fact, the same question that you are bringing up at other localities.

Mr. UNDERWOOD. But in many of the experiences on some of this contracting, in point of fact, people are brought in from the States and there is not a lot of local hiring. So I would certainly like to explore that and see that that missile does not land on us. [Laughter.]

Mr. DISHNER. I hope they never use that example for that, sir.

Mr. BAYER. I would like to add one more thought to that and it really goes to what Congressman Peterson brought up about costs. We think—well, let me tell you what we already know.

We know that in the construction business, particularly in family housing, I do not know how many general contractors for housing there are in the country, several hundred thousand, I believe, and most of them are small. But there has been a niche industry of folks who will actually bid on military family housing, probably a dozen large companies.

So you hardly ever, except by chance, get a local contractor bidding on even a commodity-like housing, which they are building right out in the local community; and it is because most of them simply do not want to put up with all of the requirements and what not that go along with military construction. So the two go hand in glove. The more we have created requirements, reporting requirements or whatever, the fewer contractors in terms of size and locality are able and willing to deal with this.

So one of the benefits I think we are going to see and that we have already seen in these few projects that we have bid out under these privatization initiatives is that local folks are coming forward, that they are not being put off the way they have been put off previously.

Mr. PETERSON. Would the gentleman yield for just a second?

Mr. UNDERWOOD. Sure.

Mr. PETERSON. I, in fact, was one of those little contractors, and I would not even look at a Government contract, simply because it was just too overwhelming. I would have had to have a battery of lawyers and accountants and environmental engineers, and it was too much. I could not bid.

This gets back to my point of acquisition reform. If you do not plug that into your operation here, we are going to wake up 10 years from now and we will have done nothing. We have not saved any cost. We have the same number of units. We are still paying the 35-percent premiums extra. So I really almost insist that you

get with this acquisition reform aspect of this and bring in more bidders. That will bring down the unit cost whether you want to or not.

Mr. BAYER. Right. Duncan.

Mr. HOLADAY. If I may, the experience we had, one of the things we heard from our industry forum last spring was essentially the same comments that you just made, Mr. Peterson, that we had made the process too complex; and if we wanted to get the private sector fully involved with this, we would have to simplify it.

In fact, I do not have a copy, unfortunately, with me of the request for proposals that we sent out. It was less than a half-an-inch thick, which in government terms, as you know, is very, very good. There were only two pages in there that represented specifications for the housing and that was written in very general terms and required people to build to local standards and local code that we would make it easier for local developers to participate in the process.

Interestingly enough, we had bidders both from the military construction community that Bob mentioned, the people who are used to bidding on MILCON projects for us and family housing. We also had bidders from the more general private sector, and in both cases, in Everett and Corpus Christi, it was not the military construction people that we are having final negotiations with. It is local folks who had previously not entered into the MILCON market.

So I think that we are learning some of those lessons that you mentioned to us, and I take them to heart. They are well worth it.

Mr. PETERSON. Thank you.

Mr. HEFLEY. Mr. Hansen.

Mr. HANSEN. I thank you, Mr. Chairman.

As you gentlemen know, in the late 1980's, we passed a bill called base closings and we have gone through a number of series of base closings; and the last one, supposedly, unless it gets extended, is the one we just went through a year or so ago.

In the Air Force, if I may zero in on you folks a little bit, we got into depots and in that we had five air logistics centers, which are probably some of the biggest military bases that you would find in the world. And of that, I still remember being over in the Hart Building when General Fogelman was asked the question, how do you rate these. I am not taking a shot at anybody; but they did rate them one, two, three, four, five. The committee elected to close the bottom two.

Now, as I read that law, and every legal person that has taken an interpretation of it makes an interpretation of what different stages can do, what the military can do when it has gone to the committee, by that, the BRAC committee, what they can do, and then the President has 15 days according to that public law in which he can do two things. One, he can accept the law as it is written and he can turn it over to Congress. Or two, he can send it back to the BRAC commission. That is the only thing the law gives him.

Then after he has his 15 days, then Congress gets 45 legislative days, and all they can do is reject it or accept it. They cannot play with it. They cannot say, well, wait a minute. There is one here in



Arizona we like. We want to change that. They do not have that option. In fact, the language is identical almost as what the President has and what Congress has.

So it amazes me that when under this President, when it goes down to him, according to the air logistic centers, he said, yes, the bottom two, BRAC said they would close them. Many of us have gone to the point of writing the BRAC commissioners who were there originally, and they have written back and said, "It was totally our intention that those bases close, period, done, out." There is nothing in the law, and I would like to see the attorney who would like to argue that, there is nothing in the law that says that you can add a caveat on it. And the caveat that President Clinton added on, however, the one in California and the one in Texas we would privatize.

I would like to know where that is, and as you know, there is a lawsuit being filed as we speak to challenge the President on this particular issue; and if they lose this one, boy, someone ought to get out of the business. I mean, this is a crystal clear piece of legislation. If that is the case, the other 41 bases, all Members of Congress who have one should say, under the same criteria, we want to privatize them.

Now the gentleman up here from Colorado finds himself in a funny position because I see from your information there that right here the Air Force is asking for \$9 million and here it is talked about in the Sacramento Bee. "Defense Secretary William Perry visited Sacramento today bearing gifts aimed at helping McClellan Air Force Base in its transition to a private industrial center. For Clinton, it is his 22d visit to California, whose 54 electoral votes were considered essential."

I know this is not your position. You are good military people, and you salute and do what you are told to do; and I appreciate that, and it has sustained you in your positions. But I am amazed that the Air Force would put a \$9 million thing in here when it is very questionable if it is even legal. It is very questionable it will even stay, it will stand the test, and it is totally in violation of the law.

I, for one, to put you on notice, I am going to move heaven and Earth to take your \$9 million out. Do you want to respond to that?

Mr. DISHNER. No, sir. I will be happy to provide any background. I was not aware of the lawsuit that is ready to be filed; but if, in fact, that is true, then I think we will just wait until we see. But I would be happy to respond to the——

Mr. HANSEN. Until it is adjudicated. Why did we put the \$9 million in here? Do you have any idea on that?

Mr. DISHNER. I beg your pardon, sir?

Mr. HANSEN. Why have we got the \$9 million in here to do this? It is a flood thing.

Mr. DISHNER. It is an \$8.8 million flood, which is for the whole valley, McClellan being just one part of the watershed that is there. It is a watershed area, and as you know, it is not restricted by just the boundaries of McClellan Air Force Base. There is a flood concern there that was presented and that one project will solve that, not up to the gate and up to the fence of McClellan but

for the whole watershed, and that was the justification given for the project, sir.

Mr. HANSEN. Would you feel you were obligated to do that if the President had followed the law and was closing the base?

Mr. DISHNER. I have no comment on that, sir.

Mr. HANSEN. So it is really a two-headed question there. On one side, if you are going to privatize, are you doing it for the benefit of private individuals, or if the base was going to be closed and you are going to walk out or the locals are going to take over or whatever the wherewithal would be, would you feel obligated? Is that unanswerable?

Mr. DISHNER. The project stood on its own, sir, and we felt that would be beneficial to Sacramento, more importantly because of the storm drainage problem that it solved, regardless of who put it in or who now supports this, et cetera. The project stood on its own, sir.

Mr. HANSEN. Am I reading into that you would have done it either way?

Mr. DISHNER. I am sorry, sir?

Mr. HANSEN. Am I reading into what your comment is that you would have done it either way? In other words, say you had followed the law and said, we are closing this thing. We will do it anyway.

Mr. DISHNER. Sir, the project stood on its own. Yes, sir, regardless of who announced it or did not announce it or promoted it, it would have——

Mr. HANSEN. Excuse me. But the Air Force does not have money to help private organizations out, do they? I mean, they cannot go out and help the Boy Scouts or whatever it may be, or a group that may be coming into that base for their own ability to raise money, up the stock, make a profit, that type of thing. That is not your business to be in, I would not think.

Mr. DISHNER. Yes, sir. Absolutely not.

Mr. HANSEN. I would think so. Thank you. I appreciate your response.

Thank you, Mr. Chairman.

[The following information was submitted for the record:]

#### MCCLELLAN AIR FORCE BASE FLOOD CONTROL PROJECT

Mr. DISHNER. Background: The last moderate flood in the vicinity of McClellan AFB occurred in 1986. The flooding threatened the base warehouse assets and made roadways in the southwest area of the base dangerous for personnel. The most significant effect was flooding of a key sewage lift station and subsequent inoperability of the base sewer system for two work days with the attendant production loss of about \$1 million per day, and repair and clean up cost of \$300,000. The January 1995 cost associated with overtopping of the creeks was approximately \$95,000. This cost is associated with base civil engineer response, and expense for clean up of debris and repair of adjacent erosion damage.

The proposed funding for this project should come from MILCON appropriations, and not out of the Base Realignment and Closure (BRAC) account or Energy/Water bill. This project does not meet the funding requirement of BRAC because of pre-existing deficiencies. In accordance with Air Force policy, the base closure funding will not be used to resolve existing deficiencies, either pre-existing at the gaining installation or those associated with realigning units at their closing installation. Current mission MILCON/O&M funds will not be used to resolve existing deficiencies according to policy. This project also does not meet the funding criteria for the Energy/Water bill program which was established to implement the Energy Policy Act of 1992 and President Clinton's Executive Order 12902. These directives re-



quire that all Federal agencies identify and implement all energy and water-use measures that will pay back in ten years or less, with the goal of reducing facilities energy by 30 percent and industrial energy by 20 percent.

The project is in compliance with Executive Order 11988, 24 May 77. This Executive Order requires each agency to take action to reduce the risk of flood loss, to minimize the impact of floods on human safety, health, and welfare, and to restore and reserve the natural and beneficial values of wetlands and minimize the destruction, loss or degradation of wetlands. McClellan AFB and the surrounding community face significant flood risks from two creeks that flow through the base. An Army Corps of Engineers study suggests that a 100-year flood event would cause significant damage to base infrastructure. Therefore, the storm drainage system at the base must be sized to accommodate the 100-year flood. Also, this project is tied to the down stream off base project funded by the State of California, and the Sacramento Area Flood Control Agency. These two projects are essential in controlling the damage to the base and the surrounding community's infrastructure.

Mr. HEFLEY. We have had two bells. Mrs. Fowler is next. Do you have questions, Mrs. Fowler?

Mrs. FOWLER. Just real quickly, Mr. Chairman.

Mr. HEFLEY. Surely.

Mrs. FOWLER. I just want to follow up on Mr. Hansen's comments because I share his concerns. I am really interested, when you just explained it a little better, it causes me even more concern because I did not know we were in the business of using our precious defense dollars for flood control projects for a private community, which is what it sounds like. When you said this is something for the whole valley, it is not really McClellan. I do not see that as a justification for it, because if it is there for the whole valley, then I am not sure why our defense dollars are being used for it.

I share Mr. Hansen's concerns about a base that was supposed to be closed. You are either justifying it because McClellan is there and that is why we are using dollars out of this budget instead of out of energy and water, or you are using the dollars for it because you are privatizing it and want to turn it over. If we are just doing it because there is a flood problem in the valley, that McClellan is irrelevant, then I think you are taking it out of the wrong budget.

So I think we really need to pursue it based on what you have just said, so I am real interested—Mr. Hansen had to leave—in following up on that. And I share Mr. Peterson's concerns and hope we can do something about bringing these costs down. Thank you.

Mr. HEFLEY. Thank you, Mrs. Fowler. We do have to go for a vote and I hate to keep this distinguished panel just for my questions when we come back. Maybe I will submit some questions in writing to you, but we do appreciate you being here.

The one question that I think Mr. Saxton has and all of us have that we need an answer to is that in that toolbox, do we have the tools that cut the red tape that get the job done? And I guess from what I have heard from you the answer is "yes" and "no." We do somewhat, but there is still some red tape there that is running up the cost and creating some problems. Is that correct?

Mr. BAYER. The way I characterize it is those tools allow us to act more like a private entity, but they do not allow us to act as a private entity because, in fact, we are not a private entity. So that is one of the issues that we are looking at. Is there a way, in fact, that we can act as a private entity as opposed to a government entity.

Mr. SAXTON. And you will get back to us if you need some changes in the statute to permit you to do so?

Mr. BAYER. Yes, we will, sir.

Mr. HEFLEY. I am going to adjourn the committee, then. Thank you, committee, and thank you, panel.

[Whereupon, at 3:29 p.m., the subcommittee was adjourned.]





## **RECAPITALIZATION AND MODERNIZATION OF FACILITIES**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE,  
*Washington, DC, Wednesday, March 13, 1996.*

The subcommittee met, pursuant to notice, at 2 p.m., in room 2216, Rayburn House Office Building, Hon. Joel Hefley (chairman of the subcommittee) presiding.

### **OPENING STATEMENT OF HON. JOEL HEFLEY, A REPRESENTATIVE FROM COLORADO, CHAIRMAN, MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE**

MR. HEFLEY. The committee will come to order. The state of the nation's defense infrastructure is the principal oversight responsibility of this committee. Last year, in addition to its regular consideration of the administration's budget request, this subcommittee conducted two hearings on facilities improvements required to enhance the quality of life for service personnel and their families and the quality of facilities in the workplace.

This subcommittee recognizes that the quality of military housing for both single and enlisted personnel and military families, the availability of child development centers, and quality health care facilities are a factor in retention. The services know that they enlist individuals and they reenlist families.

We also know that serious deficiencies in the quality of defense facilities and infrastructure are a potential impediment to training and readiness. Facilities built in the 1940's and 1950's are simply unequipped to handle the weapons systems and equipment of the 1990's.

The hearing we are conducting this afternoon is a continuation of the subcommittee's efforts to examine the long-term planning of the Department of Defense and the military services to remedy the serious infrastructure problems that continue to exist. We have closed about 130 major U.S.-based installations and slashed 27 percent of U.S.-based plant replacement value through four rounds of base closure and realignment. We have ceased operations at 950 bases overseas and reduced our overseas plant replacement value by 43 percent. While we can reduce our infrastructure base, I believe some of those reductions will come back to haunt us.

The important point today, however, is that BRAC has not resolved the facilities backlog. Requirements to meet the needs of military housing, current mission requirements, and the infrastructure necessary to support the modernization of weapons systems and equipment are going unmet. This does not mean we should

leap to another BRAC round, but it does mean that this subcommittee needs to examine very carefully the military construction component of the future years defense plan and the fiscal year 1997 budget request which supports it.

I would prefer today to avoid a project-by-project examination of the fiscal year 1997 budget request. The subcommittee will conduct two hearings next week on that subject. Rather, I hope we can take the longer view in this session. There are a number of critical questions confronting us.

For example, what is the out-year plan for resolving the housing deficit for single enlisted personnel and military families? How can we improve the dismal rate of recapitalization of defense infrastructure? Does current planning cut the backlog of critical maintenance and repair or allow it to continue to grow? Has facilities modernization been adequately programmed to support weapons modernization? What has the effect of BRAC been on the military construction program?

These are just a few of the serious issues which I hope we can address here today. I look forward to the testimony of the witnesses and the comments of my colleagues.

Mr. Ortiz is not here, but Mr. Montgomery is. Mr. Montgomery, do you have any comments you would like to make at this time?

Mr. MONTGOMERY. I think this hearing makes sense, Mr. Chairman, and maybe we need a plan for the years to come. Of course, we all know money is a problem, also. Thank you.

Mr. HEFLEY. Thank you very much.

We again today have one panel. My hope is that we can have a good dialog between the subcommittee and those charged with the responsibility of seeking solutions to our infrastructure challenges. We will proceed in order of service seniority. Therefore, I recognize Maj. Gen. Frank Miller, Assistant Chief of Staff for Installation Management, the Department of the Army, to begin our discussion.

**STATEMENT OF MAJ. GEN. FRANK L. MILLER, ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT, DEPARTMENT OF THE ARMY**

General MILLER. Mr. Chairman, members of the committee, my name is Maj. Gen. Frank L. Miller, Jr. I am the Assistant Chief of Staff for Installation Management. I have been in that assignment a little over 7 months. I am the second ACSIM for the Army, which is about a 3-year-old staff element at this point in time.

It is an honor to appear here today to discuss the recapitalization and modernization of the Army's facilities. I have an opening statement that I request be submitted for the record, and I would now like to comment on several important facilities issues.

Mr. HEFLEY. Without objection.

General MILLER. Sir, we have three priorities in the Army today. They are barracks, family housing, and strategic mobility. The Secretary of Defense and the Secretary of the Army have said that quality of life is a key component of readiness. Therefore, within our facilities programs, we have focused funding on these.

As the Army changed to a CONUS-based power projection force, our strategic mobility program became another top funding priority. Our military construction and real property maintenance budg-



et for fiscal year 1997 are designed to support these priority programs. However, because of the low level of funding over the past several years, we are finding that our overall facilities revitalization program is falling further and further behind.

We have two basic concerns. The first is in terms of the number and quantity of facilities. Overall, the Army lacks about 30 percent of the right type of facilities needed to perform its mission. We make do by using the wrong type of facility for a given function, or we go without. In either case, we operate at less than our full potential and lose efficiencies.

Our second concern is with the condition of our facilities. About 20 percent of our facilities are unsuitable, either due to deteriorated conditions or they are unable to meet mission requirements. Another 40 percent of our facilities are in marginal condition, but the remaining 40 percent considered fully capable to meet mission requirements. This last 40 percent represents the results of both new construction and the focusing of our limited maintenance and repair funding.

Our facilities maintenance funding cannot keep pace with the overall deterioration of our real property inventory, however. Only with stable and sufficient funding will we be able to arrest the deterioration of our facilities. We need to maintain a level of new military construction that provides needed facilities and revitalizes those that we already have.

There are impediments in our process that do not permit us to make smart business decisions. We need your support to empower our commanders to make decisions that provide facilities when and where we need them. An example would be to delete or lessen the unspecified minor MCA construction limitations. This change instills a trust in our commanders who run our installations and permits them to meet requirements as they develop, instead of waiting on the current construction process that takes as many as 5 years before a facility actually becomes available.

Another area where we need help is in dealing with historical facilities. It is three times more expensive to maintain a historical home and to provide its utilities than the comparable cost for an average home. With some relief, we can save dollars and make better value-added decisions.

Two other areas where we are restricted from making good business decisions are in privatization and contracting out. Changes to the Davis-Bacon Act, Service Contracting Act, would help reduce costs and permit us to do things more efficiently. Additionally, changes to the expensive and time-consuming requirements to perform extensive cost comparisons prior to contracting out as required by law and implemented by OMB Circular A-76 guidance would assist us in doing things in a smarter and less costly manner.

Mr. Chairman, in summary, we need your support to approve our request for military construction and real property maintenance, to help us fight the deterioration of our facilities and infrastructure. We have focused the Army's limited resources to make an impact where it is most important. With approval of our budget, we will continue to improve the living and working conditions for all of our soldiers and improve our strategic mobility posture. Your support



to make the necessary process changes that will reduce the bureaucracy and enable us to do more with the limited resources we have is very much appreciated.

Sir, this concludes my statement. I will answer whatever questions you might have.

[The prepared statement of General Miller follows:]

RECORD VERSION

STATEMENT BY  
MAJOR GENERAL FRANK L. MILLER JR.  
ASSISTANT CHIEF OF STAFF  
FOR  
INSTALLATION MANAGEMENT  
DEPARTMENT OF THE ARMY  
BEFORE THE  
SUBCOMMITTEE ON MILITARY INSTALLATIONS & FACILITIES  
COMMITTEE ON NATIONAL SECURITY  
UNITED STATES HOUSE OF REPRESENTATIVES  
SECOND SESSION, 104TH CONGRESS  
HEARING ON  
RECAPITALIZATION AND MODERNIZATION OF FACILITIES  
MARCH 13, 1996

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HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
NATIONAL SECURITY



### MG Frank L. Miller, Jr.

Major General Frank L. Miller, Jr. was born in Atchison, Kansas on 27 January 1944 to MSG(R) and Mrs. Frank L. Miller. General Miller is currently serving as the Assistant Chief of Staff for Installation Management, Office of the Chief of Staff, Army.

Immediately prior to this assignment, he served as the Deputy Commanding General, III Corps and Fort Hood, Texas. Prior to that assignment, he served as the Director of Operations, J-3, for the United States Forces Command, Fort McPherson, Georgia.

General Miller entered the military in 1965 as a Private and attended the Field Artillery Officer Candidate School immediately after Basic Training. He was commissioned on 13 September 1966. General Miller holds a Bachelor's Degree in Business Administration from the University of Washington, and a Masters Degree in Systems Management from Troy State University.

After his initial assignment to Fort Lewis, Washington as a Basic Training Company Training Officer, General Miller served in the Republic of South Vietnam from 1967 to 1968. General Miller commanded field artillery batteries in the 212th Field Artillery Brigade and the 1st Infantry Division. He served in South Korea as a staff officer at battalion and division level. While assigned to the 1st Infantry Division, General Miller also served as a battalion S3, and participated in four REFORGER exercises.

Upon graduating with distinction from the Command and General Staff College, General Miller was assigned as a battle staff team operations officer aboard the USCINCEUR Airborne Command Post. After promotion to Lieutenant Colonel, General Miller commanded the 1st Battalion, 35th Field Artillery at Fort Stewart Georgia. Following command, General Miller attended the Naval War College, where he again graduated with distinction and was promoted to Colonel.



General Miller served as Chief of Staff of the National Training Center, Fort Irwin, California, from July 1984 to July 1986. Subsequently, he assumed command of the 588th United States Army Artillery Group in Athens, Greece. Following command, General Miller was assigned as Chief of Staff of Fort Sill, Oklahoma. In June 1989, General Miller assumed command of III Corps Artillery at Fort Sill.

General Miller's Decorations and awards include: the Legion of Merit (with 4 Oak Leaf Clusters), the Distinguished Flying Cross, the Bronze Star Medal with V device (with 2 Oak Leaf Clusters), the Meritorious Service Medal, the Air Medal with V device (with 19 Oak Leaf Clusters), the Joint Service Commendation Medal, the Army Commendation Medal (with 4 Oak Leaf Clusters) the State of Georgia Meritorious Service Medal, the Vietnamese Cross of Gallantry with Silver Star.

General Miller is married to the former Paulette C. Duncan of Tacoma, Washington. The Millers have three children, Frank III, Michael, and Toni, and two grandchildren, Jonathan and Nicole.

**RECAPITALIZATION AND MODERNIZATION OF FACILITIES**

It is an honor to appear here today to discuss the recapitalization and modernization of the Active Army's facilities. The Military Construction budget request for Fiscal Year 1997 as well as the Real Property Maintenance budget will make a difference to restrain the growth of the backlog of maintenance and repair and to revitalize our infrastructure.

**CURRENT STATE.** The state of our infrastructure reflects the Army's struggle with balancing the budget. In terms of the number or quantity of facilities, while we have an excess of some types of facilities, overall the Army lacks about 30% of the facilities it requires to perform its mission. We make do by using the wrong type of facility for a given function or we simply go without. In either case, we operate at less than our full potential and lose efficiency.

Our larger concern is with the condition of our facilities. About 20% of our facilities are unsuitable, either due to unacceptable condition or inability to meet mission requirements. Another 40% of our facilities are in marginal shape, with the remaining 40% in good condition. This last 40% represents the results of both new construction and the focused funding of our limited maintenance and repair dollars. At the current funding level, our facilities maintenance cannot keep pace with the overall deterioration of our real property inventory. Only with a stable and sufficient funding posture will we be able

to arrest the deterioration of our facilities. Additionally, we need to maintain a level of military construction that provides needed facilities and revitalizes those we already have.

We will highlight the conditions and trends for some specific types of facilities of interest.

**Barracks.** About half of our permanent party personnel are housed in 30 to 40 year-old, gang latrine barracks. This is unacceptable to the Army. Starting with the FY94 budget, the Army made a significant, long-term commitment to improving the living conditions for unaccompanied soldiers. This commitment led to the creation of the Army's Whole Barracks Renewal Program and the "1+1" standard design for barracks construction. Secretary of Defense Perry has also committed DoD to this area and recently approved a new OSD standard for barracks construction that is based on the Army's 1+1 design. This initiative will provide single soldier communities of excellence for our soldiers. The Army, and our soldiers, appreciate your past support of this important program.

**Family Housing.** The Army Family Housing vision is to provide quality family housing for the Army of the 21st century. However, as a result of previous funding decisions, the Army has been unable to realize this vision with traditional construction appropriations. The new privatization authorities that are now available, however, will help make this vision a reality. The average age of the family housing inventory is 35 years. Only 18% meet current Army standards. We are continuing to pursue the whole-neighborhood revitalization approach to improve the



condition of our family housing areas. This also includes replacing units that are uneconomical to repair. In order to accelerate our revitalization timetable, we are pursuing privatization and capital venture initiatives which permits us to leverage our real property assets.

Maintenance Facilities. If housing is the part of our infrastructure that takes care of our most important asset, our people; then maintenance facilities are the part of our infrastructure that enable our people to take care of their equipment. The same characterization that applies to our overall infrastructure applies here. Our installations are missing some key pieces and much of what exists is in marginal shape. There are, however, some bright spots. Our vehicle rebuild and general maintenance facilities are in good shape. Overshadowing this is the poor condition of special purpose and intermediate level aviation maintenance facilities and vehicle wash facilities and hardstands. The first two categories degrade our ability to maintain expensive, sensitive equipment. The second two categories not only adversely impact equipment, but the environment as well.

Other Mission Facilities. The other areas where soldiers work and train such as ranges, administrative facilities, classrooms and supply facilities are, across the board, in the same overall condition as the rest of the Army's inventory. There are few bright spots and the condition of our supply and storage facilities is of particular concern. One of our initiatives is to leverage technology to better train soldiers in the classroom. We are developing a Classroom 21 program that will eventually build the

classroom of the future for the increasing technologically sophisticated training being conducted. In addition, the Army's Strategic Mobility Program builds on the lessons learned from Desert Shield and Desert Storm in terms of our ability to deploy and sustain our force. This program will substantially enhance our ability to project decisive combat power around the globe.

**Historical Facilities.** At the same time the Army looks to the future, we continue to strive to preserve our infrastructure heritage - our historical buildings. Unfortunately, the Army has its hands tied in this area. State historic and preservation offices use legislation to force the Army to spend much more money than is reasonable. An example is at Schofield Barracks, Hawaii. Much of the 25th Infantry Division is housed in historic "quadrangle" barracks. For just the barracks portion of a complex, new construction would cost about \$60K per space. Renovating these barracks costs about \$80K per space. The Army would like to retain one of these historic quadrangles, and replace the rest. The state historic and preservation office wants all the quadrangles retained. The difference between these two approaches is millions of dollars. Those dollars translate into barracks spaces that cannot be built for other soldiers.

**REVITALIZATION.** In terms of revitalizing its overall infrastructure, the trend for the Army right now is not good. Our inability to adequately fund maintenance and repair means facilities wear out more quickly. At the same time, our resource constraints force us to slow the pace at

which we replace facilities. The Army previously set a goal of revitalizing or replacing its facilities once every 35 years for housing, or 2.9% of the plant replacement value (PRV), and every 57 years or 1.75% of the PRV for other facilities. Our family housing revitalization cycle for facilities worldwide is now 72 years while the non-housing replacement cycle is now about 100 years. To put this into perspective, the public sector invests at an approximate 9% rate while major colleges and universities at an approximate 8% rate. This is based on a study completed several years ago to analyze how we were doing compared to the private sector.

**MISSION-RELATED DEFICITS.** In addition to revitalizing our current inventory, the other major requirement for military construction is for new facilities that we do not have on hand - our facilities deficit. Again, the constrained resources environment keeps us from constructing all the facilities we need. For example, at Ft. Bragg we have so few permanent maintenance facilities that many units are forced to perform equipment maintenance outdoors or in temporary structures. To be honest, we are largely not constructing to meet our deficit. The result is that we will not construct the facilities required to accommodate the new equipment that the Army is able to field.

**SUMMARY.** Mr. Chairman, in summary, we need your support to approve our request for military construction and real property maintenance to help us maintain and renew our facilities and infrastructure. We have focused the Army's

limited resources to make an impact where it is most important. With approval of our budget we will continue to: improve the living conditions for unaccompanied soldiers and improve our strategic mobility posture.



Mr. HEFLEY. Thank you very much.

I now recognize Rear Adm. Louis M. Smith, Director of the Facilities and Engineering Division, Office of the Chief of Naval Operations, the Department of the Navy. Admiral.

**STATEMENT OF REAR ADM. LOUIS M. SMITH, DIRECTOR, FACILITIES AND ENGINEERING DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS, DEPARTMENT OF THE NAVY**

Admiral SMITH. Thank you, sir. Mr. Chairman, gentlemen; it is a pleasure to be here before you this afternoon. Again, I am Lou Smith, the Director of the Facilities and Engineering Division of the Office of the Chief of Naval Operations. I would ask at this time if I might insert my statement for the record and do a brief oral summary.

Mr. HEFLEY. Without objection.

Admiral SMITH. Thank you, sir. Recapitalization, of course, is a subject of great import to the Navy. Like our sister services, our funds for this matter have gone through a long and difficult process before they appear before you as part of the 1997 budget. As recently as the mid-1980's, over 21 percent of our military construction program was devoted to recapitalization. That has gone down since then as the dollars available to us have declined.

We in the Navy are currently in the midst of base realignment and closure. Most of our closures occurred in the third and fourth round. As a result, we will close some 28 major activities in fiscal year 1997, just as we closed 30 in fiscal year 1996. The Navy will spend over \$2.5 billion on those closures in 1996, and the request before you now has almost another \$1.5 billion.

This adds to a great amount of foment in our shore establishment. We are building facilities for people who will survive the BRAC to move into. We are moving people. We are downsizing our staffs. We are doing environmental cleanups to prepare for turning over the plant property and the property itself to someone else.

As a result, the BRAC has affected our programs. When we talk about the size of our military construction appropriation, if you look at the BRAC construction plus the military construction for fiscal year 1996, you would reach over 2 billion dollars' worth of construction for the Navy. If you do that in 1997, you reach almost 1 billion dollars' worth of construction for the Navy. All of this has an impact on the Navy's shore infrastructure.

But as we move beyond BRAC, we are doing studies, we are starting to look at the regions where we will remain on both coasts and overseas. We are looking at consolidations. We are looking at outsourcing. We are looking to make good economic and business decisions about what we need to build to recapitalize our Navy shore establishment.

One thing we know for sure is that whenever we build a building, we will keep it for a very long time. Even after BRAC, the average age of a Navy facility is right around 50 years.

For the out years, we are finding that the fleet we have remaining as we go from a 600-ship Navy to a 300-plus-ship Navy is very different from the one we had. The ships we have now are deep draft. They are power intensive. They need different piers than we have historically provided. We no longer can live with the World

War II capacity piers we had. They are just inadequate. So we have major pier programs that we are looking at starting in the out years.

Our waterfront structures, even in the near term, though, we are very sensitive to. Something like 80 percent of all of the major projects in our real property maintenance program will go towards waterfront facilities. So we are looking to the long term and at the same time trying to stabilize the Navy as we transition through the BRAC Program.

The Navy understands the need to recapitalize its shore establishment. We need to do it for readiness issues. We need to do it for economic issues, we need to do it for quality of life and especially quality of work life issues, and we need to do it for productivity.

Gentlemen, I am happy to be here again and I would welcome your questions.

[The prepared statement of Admiral Smith follows:]

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STATEMENT OF  
REAR ADMIRAL LOUIS M. SMITH  
DIRECTOR  
FACILITIES AND ENGINEERING DIVISION  
CHIEF OF NAVAL OPERATIONS  
BEFORE THE  
HOUSE NATIONAL SECURITY COMMITTEE  
MILITARY INSTALLATIONS  
AND  
FACILITIES SUBCOMMITTEE  
ON  
INFRASTRUCTURE  
MARCH 13, 1996

NOT FOR PUBLICATION UNTIL  
RELEASED BY THE  
HOUSE NATIONAL SECURITY COMMITTEE

**REAR ADMIRAL LOUIS M. SMITH**  
**CIVIL ENGINEER CORPS, UNITED STATES NAVY**

Rear Admiral Louis M. Smith, CEC, USN became the Director, Facilities and Engineering Division (N44) for the Deputy Chief of Naval Operations (Logistics) in June 1995. He was previously the Vice Commander of the Naval Facilities Engineering Command and Deputy Chief of Civil Engineers in September 1994. Prior to assuming the Vice Commander position, he served as the Director of Programs and Comptroller of NAVFAC from January 1993 to September 1994.

Born and raised in Milwaukee, Wisconsin, he graduated from Pulaski High School and Marquette University, where he received his Bachelor's degree in Civil Engineering in January 1967. Upon graduation from Marquette, he was commissioned an Ensign in the U.S. Navy's Civil Engineer Corps through the Navy's ROTC program.

He was initially attached to Naval Mobile Construction Battalion 53, homeported in Davisville, Rhode Island. While there, he made three deployments to Vietnam and commanded Seabee Team 5301. He was then transferred to the staff of the Officer in Charge of Construction, Mid Pacific, in Pearl Harbor, where he served as Acquisition Coordination Officer and as Assistant Resident Officer in Charge of Construction. In 1972, he was assigned as the Assistant Public Works Officer for the Naval Air Station, Brunswick, Maine.

He left that job in 1974 to attend graduate school at Purdue University, where he earned his Master's degree in Civil Engineering. He was then sent as an exchange officer with the U.S. Air Force at the Headquarters of the Strategic Air Command, Offutt Air Force Base, Nebraska, where he was a Branch Chief in Program Development. Transferred to Washington, D.C., in July 1977, RADM Smith joined the Security Assistance Division (OP-63) of the staff of the Chief of Naval Operations as Facilities Engineer. He was transferred within the OPNAV staff to the Shore Activities Planning and Programming Division (OP-44) in August 1979. In 1981, he was assigned as the Public Works Officer at the U.S. Naval Station in Keflavik, Iceland, until he returned in July 1983 to the Office of the Comptroller of the Navy in Washington, where he served as a Budget Analyst.

In 1985, RADM Smith was reassigned to the Comptroller Office at Naval Facilities Engineering Command Headquarters. He was transferred in 1987 to the Western Division of NAVFAC, where he served as the Head of Acquisition and then as Vice Commander. He assumed command of the Navy Public Works Center San Diego in August 1990. He held that position until January 1993, when he returned to NAVFAC Headquarters. He was promoted to Rear Admiral (Lower Half) on October 1, 1994.

RADM Smith is a registered Professional Engineer in the state of Hawaii. His decorations include the Legion of Merit, Bronze Star Medal, Meritorious Service Medal, Combat Action Ribbon, and several unit and campaign awards. He also holds numerous Vietnamese Awards.

RADM Smith is married to the former Susan Clare Kaufmann of Milwaukee, Wisconsin. They have two sons: Brian, age 22, and Michael, age 20. They reside in Alexandria, Virginia.



Good morning, Mister Chairman and members of the Committee. I am Rear Admiral Louis M. Smith, Director of the Facilities and Engineering Division on the staff of the Chief of Naval Operations. I appreciate the opportunity to speak to you today on the Navy's need to recapitalize its shore establishment through investment in Military Construction (MCON) and Real Property Maintenance (RPM) funding. The focus of this recapitalization effort is to enhance readiness, improve the quality of the workplace environment for our people, and reduce the cost of facilities ownership.

BRAC has allowed us to reduce excess base capacity and to concentrate our forces into installations with the highest military value. Although the Navy's BRAC investment has been considerable, over \$3.1 billion for construction of new facilities, there is still a good deal of work to do and additional investments to be made in the existing facilities at our remaining bases.

While BRAC actions will have reduced the size of our infrastructure by 21 percent, the Navy will still have a large shore establishment after all closures are completed. We will have a post-BRAC plant replacement value for retained facilities of approximately \$124 billion, including Navy family housing. The single largest segment of this infrastructure (over \$46 billion) was built between 1931 and 1950. These 50 year old facilities are the ones most urgently in need of replacement or modernization.

Much of the infrastructure at the bases we have left after BRAC is old. The buildings and utilities systems on these key bases are outdated. The average age of our non-family housing, non-Naval Reserve Force shore infrastructure is 49 years. Modernization of our infrastructure is not a new theme. In the past decade, when the Navy enjoyed a robust MCON program often over \$1 billion per year, we were able to spend approximately 21 percent of

those budgets on replacement and modernization construction. That helped us, then.

We are now in a much more constrained fiscal environment. Our MCON budgets levels have averaged around \$400 - 500 million per year. Despite these austere funding levels, we continue to carefully select MCON projects that meet several specific criteria, what I call our Program Objectives. These program objectives include construction or renovation projects that support: **quality of life** (primarily bachelor enlisted quarters, personnel support, and child development centers); **environmental and safety compliance**; and critical **mission support**. I would like to point out that in selecting projects for our MCON program, many of our projects provide the secondary benefit of modernization and recapitalization, as well as meeting our mission, quality of life, or compliance requirements. What we have not been able to fund sufficiently within these austere budgets are projects that replace or modernize inefficient, dysfunctional, or deteriorated facilities. This has resulted in a base infrastructure that has deteriorated with age and use.

We now know what the Navy's core installations will be for the long term. It is my intention to continue to work with the Navy and Department of Defense's leadership to ensure that the MCON budget is funded to the appropriate level in concert with the Department's priorities.

I would like to dispel the notion that military construction and real property maintenance is discretionary, and therefore, deferrable. I have to admit that replacement or repair of any one single building probably can often be deferred another year, something that we frequently must consider. Unfortunately, this case-by-case truism has resulted in the situation where recapitalization of so much of our infrastructure has been deferred for so long that the rising

operations and maintenance costs has become a serious problem that we must address.

It may be asked, "Why should we invest in the replacement of facilities and the modernization of our bases? What do we gain from this?" First of all, modern facilities better serve our **readiness** requirements. We need berthing piers that are properly sized and have sufficient power to serve our modern fleet of warships. We need modern flight control towers to properly direct our increasingly sophisticated air operations. Many of our current towers were built in the 1950s. These towers simply do not have adequate space in the cab for all the additional communications and radar tracking devices required today. We need modern, reliable utility systems for our bases. Some of our bases even date back to the 19th century - our power and utility requirements have grown tremendously since then. We continue to have outdated, outmoded electrical systems that are costly to operate and repair. Unscheduled outages and limited capacity are problems that plague us and impact our ability to train and maintain the fleet. Privatization of base utility systems will be possible at some locations, but it will not be a panacea for all our problems. We also need modern maintenance facilities, laboratories, classrooms, warehouses, magazines, and supply facilities. Each one of these facilities provides a vital component to fleet readiness. Each one has an impact. Continued use of old facilities that were designed in a different era and for different mission requirements makes maintaining high levels of readiness today difficult and costly.

Of particular concern is the situation with our berthing piers. Well over two-thirds of our piers were constructed during World War II. These piers no longer have the structural or power capacity to service our most modern ships. The current trend indicates that by the year 2010, only 20 percent of our existing piers/wharves will adequately support today's fleet. Consequently, as we

continue to modernize the fleet, we must also modernize and upgrade our berthing piers. We have already begun planning for this program as one of the "core elements" of the infrastructure that we must modernize as we move into the next century. Other elements that we will continue to modernize include our utility systems, training facilities, barracks, runways and hangars. These facilities constitute the "core" of what we need to maintain our fleet of ships, aircraft, and weapons.

The second reason we need to invest in modern facilities is **economics**. Older, poorly maintained facilities cost more money over their life to maintain and operate than newer, more efficient facilities. These higher costs divert funds from our training and other maintenance accounts.

A method of reducing our operational costs is to **consolidate functions** at our remaining shore activities. This is part of the Navy effort to "right size" its force and base structure. Under Base Closure, we are in the process of significantly reducing the number of bases the Navy owns and operates. A smaller Navy and a smaller operating budget means that a smaller shore infrastructure is needed. We do not need nor can we afford all the bases we had in the 1980's. The Navy's MCON appropriation is used to perform a similar cost-reduction function for remaining bases. We have old, inadequate buildings at our major Naval complexes at Norfolk, San Diego, and Pearl Harbor. In some cases, for example in Pearl Harbor, we have buildings that now support 200 people where there once were 500 back when the Navy was larger. The heating bill is the same, the lighting bill is the same, and the roof repairs still drain the maintenance account whether there are 200 or 500 occupants of the building. By targeting MCON at these facilities we can construct a high quality facility for those 200 people, demolish the old, high-cost structure and lower the cost of facility ownership for that function.



A third reason for investing in modern facilities is to **improve "Quality of Life in the Workplace."** This means that we recognize the importance of having modern facilities in which our people work, train, and maintain readiness. Much emphasis has been directed by this Committee, the Department of Defense, and the Navy toward improving the quality of life for our Sailors and Marines, especially in the bachelor housing. I strongly support these efforts and appreciate the support this Committee has provided. Two of our current projects for barracks renovate existing buildings that are structurally sound, but require modern fire protection, mechanical, and electrical systems and configuration upgrades to meet current standards. Modernization is a method that allows us to do more within our budgets.

I want to expand the theme of quality of life to include where our people work and train. Our Sailors, for example, work long and demanding days ashore preparing themselves and their ships, aircraft, and weapons systems for deployment. A good number of the shops, classrooms, and operations centers in which our personnel work are often in such poor shape that many of us in this room would find it shocking and depressing. There is only so much that can be done with "self-help" and the "can do" spirit. Believe me, there is a lot of that very positive attitude in our Navy; however, a new coat of paint can't compensate for the fact that the building is cold in the winter and hot in the summer. Wood paneling can only cover up the rusting, leaky pipes, and antiquated electrical systems that cause dampness and equipment failures. I have been in maintenance shops where the lighting is so dim that it is amazing to me that these young people can maintain the sophisticated and expensive equipment for which they are responsible. They do it. They do it well. But it is an unnecessary burden on them to work under these circumstances. They need good lighting. They need reliable electrical and other utility systems. They deserve a safe

environment, free from excessive noise and over-crowding. They deserve modern facilities so that they can maximize their time ashore, training and preparing for the often arduous times at sea.

Another good reason to invest in modern facilities is the **productivity increases** inherent in a consolidated, modern, efficient facility. In some of the examples I have used so far, it is obvious that if we handle materials less, can perform functions at lower cost, and have reliable utility systems, we will increase our productivity. While it is difficult to quantify these productivity improvements, I am certain that all of us work better when we are safe, when we can see what we are doing, when we can hear the other end of a telephone conversation, when our equipment works, and when we know that the building we are in is safe and the air we are breathing is clean.

As an example of achieving increased productivity through modern facilities, consider the situation we have with our weapons magazines. While it is true that there are many magazines in the Navy's inventory, it is also true that they are often not of the right size or configuration or at the right location to handle the modern missiles currently in our inventory. Many of the magazines that we use for ready stowage, that is stowage closest to the ships and aircraft, are inadequately sized for our missiles. They were constructed in the era of big guns. Now, fifty years later, that technology has been replaced by missiles. This problem has become more acute as we down-size and consolidate our ordnance functions. Many of our missiles are currently "jam stowed", that is, jammed into the magazines at the maximum density possible. We frequently have to handle missiles many more times than necessary in order to get to the ones we need and to conduct routine maintenance. This extra handling is costly and time consuming. We need to replace the old magazines with modern, high capacity magazines that are correctly located to serve our needs.

The time has arrived for the Navy to review the recapitalization investment in our shore facilities -- Base Closure decisions since 1988 have defined the Navy's core base structure as we approach the next century; major construction projects to address environmental compliance requirements such as sewage and industrial waste treatment plants have been constructed or are in near-year budgets; and the emphasis on programming projects for bachelor quarters and personnel support has taken root within the Departments of Defense and Navy, with strong support here in the Congress. Nearly half of the fiscal year 1997 MCON budget before you consists of bachelor quarters construction or modernization projects. The next area upon which we need to focus is the replacement or modernization of the mission support facilities at our remaining shore bases -- what I call shore establishment recapitalization. Top priorities in this area are the recapitalization of our W.W.II piers and utility systems.

Modern facilities that support readiness, reduce base operating and maintenance costs, improve quality of life in the workplace for our personnel, and improve productivity remain a top goal for the Navy. They are an investment well worth making.

Mister Chairman, this concludes my statement. I appreciate the support that this Committee and its staff has given us in the past, and look forward to working closely with you in the future. I would be pleased to answer any questions you or any other members of the Committee may have.

Mr. HEFLEY. Thank you very much, Admiral.

Now I would recognize Brig. Gen. Thomas Braaten, Assistant Deputy Chief of Staff, U.S. Marine Corps. General.

**STATEMENT OF BRIG. GEN. THOMAS A. BRAATEN, ASSISTANT DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS (FACILITIES), HEADQUARTERS, U.S. MARINE CORPS**

General BRAATEN. Mr. Chairman, members of the committee, I am Brig. Gen. Thomas A. Braaten, Director of Facilities and Services for the Marine Corps, and I appreciate this opportunity to appear before you today. I have a statement which I request be submitted for the record, and I would like to make a few opening comments, sir.

Mr. HEFLEY. Without objection.

General BRAATEN. Sir, in July 1995, General Krulak issued his planning guidance to the Marine Corps and in that guidance he stated, "The deterioration of the infrastructure of our bases and stations which serve as our marine aircraft carriers from which we launch our expeditionary forces is becoming untenable." He further directed that, "We will refine our method of assessing the shortfalls and then develop a long-term master plan for construction, repair, and perpetual maintenance of all of our bases." As a result, we are developing a campaign plan in order to better determine the requirements and to prioritize and strategically plan the infrastructure needs out into the 21st century.

Of course, one of the greatest challenges we face is how to plan for that construction, repair, and perpetual maintenance within a fiscally constrained budget; and we need to ensure that we maintain a balance between all programs affecting readiness and the personnel support issues.

The three funding areas that affect how we take care of our infrastructure and recapitalization are the maintenance and repair, military construction, and the family housing.

Under the maintenance and repair, it is a look at all of the workplaces where the Marines work and conduct their jobs as well as the places they live. So we take a look at the barracks, we take a look at the boilers, the plants, the roads, all the infrastructure things that allow us to conduct our work. We are working on sustaining the condition of those facilities by developing better management techniques, by looking at the limited resources and seeing where best to apply them to make sure that we are getting the most bang for the dollar.

On the military construction side, which is our second funding source, it is obviously not economically feasible to build all of our needs so we have to go back to the MRP side and see where we can fix it. Under the construction side, it is a balance of what needs to be done now and what can be deferred. What we face is that we have been deferring a lot of projects out into the years, and we are approaching a very large backlog of these military construction projects that will eventually affect readiness and quality of life type issues.

Within our fiscal constraints, what we look at from military construction is first the buildings that we need to take care of our operational requirements, and then we look at replacing the plant,



and finally look at the quality of life, which, of course, affects readiness and affects retention of our marines.

Those three goals are not mutually exclusive, and we are trying to find that balance. We think our 1997 program has a pretty good balance of looking at the operational requirements, the quality of life, and the recapitalization of the old structure.

The family housing is the other portion that is integral to maintaining marine moral and integral to maintaining the readiness of our marines. Once again, we are looking hard at that to see where best to apply those resources. Our campaign plan, I think, will lay out fairly clearly for us and help the Commandant in looking far out into the 21st century.

Sir, that concludes my opening comments, and I will be ready for your questions, sir.

[The prepared statement of General Braaten follows:]

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STATEMENT OF  
BRIGADIER GENERAL THOMAS A. BRAATEN  
UNITED STATES MARINE CORPS  
ASSISTANT DEPUTY CHIEF OF STAFF FOR  
INSTALLATIONS AND LOGISTICS (FACILITIES)  
HEADQUARTERS, U. S. MARINE CORPS  
BEFORE THE  
MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE  
OF THE  
HOUSE NATIONAL SECURITY COMMITTEE  
13 MARCH 1996  
CONCERNING  
RECAPITALIZATION AND MODERNIZATION OF INFRASTRUCTURE

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# UNITED STATES MARINE CORPS

HEADQUARTERS MARINE CORPS, DIVISION OF PUBLIC AFFAIRS  
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## BRIGADIER GENERAL THOMAS A. BRAATEN, USMC

Brigadier General Thomas A. Braaten is the Assistant Deputy Chief of Staff for Installations and Logistics, (Facilities), Headquarters Marine Corps, Washington, D.C.

General Braaten was born on April 15, 1946 in Harvey, Illinois. He enlisted in the Marine Corps in February 1965, and served as a ground radar repairman until his selection for Officer Candidates School, Quantico, Va. He was commissioned in December 1966. Upon completion of The Basic School in 1967, General Braaten reported to Pensacola, Fla., for flight training. He was designated a Naval Aviator in June 1968, and assigned to Marine Medium Helicopter Squadron 263, MCAS(H), Santa Ana, Calif.

Following a year in Vietnam, he returned to MCAS(H) Santa Ana to join HMT-302, where he served as an instructor pilot and the Officer-in-Charge of the CH-46 Post Maintenance Inspection Pilot School. Returning to Quantico, he attended the Amphibious Warfare School in January 1973. After graduation, General Braaten joined HMM-263, then located at MCAS Quantico, and served as the Aircraft Maintenance Officer. In August 1974, he was assigned to H&MS-36, Sub Unit #2 at NAS Atsugi, Japan, as the Aircraft Maintenance Officer. While at Atsugi, he also performed acceptance flights for CH-46 helicopters reworked by the Japanese Aircraft Rework Facility, NIPPI.



General Braaten was selected for exchange duty with the British Royal Navy and reported to Royal Naval Air Station, Yeovilton, United Kingdom in 1975. In his capacity as Flight Commander, he made several deployments, including cold weather training in northern Norway and cruises to the Mediterranean and Caribbean.

On his return to the United States in 1977, he joined the Marine Corps Amphibious Warfare Presentation Team based at Quantico. In August 1978, he was a student at the Marine Corps Command and Staff College. Following graduation, he was assigned as the Aviation Instructor at the Amphibious Warfare School. He was selected for the Degree Completion Program in 1981, and graduated from Texas Christian University in December 1982.

His next duty station was the First Marine Brigade, MCAS Kaneohe Bay, Hawaii, where he was the Assistant Operations Officer for Marine Aircraft Group-24 until February 1984, when he joined HMM-165. General Braaten served as the Executive Officer for one year before assuming duties as Commanding Officer of the White Knights of Marine Medium Helicopter Squadron-165.

In preparation for his next assignment, General Braaten spent a year at the State Department's Foreign Service Institute learning Spanish. He reported as a student to the Inter-American Defense College in August 1987. From July 1988 through July 1991, he was assigned to the United States Southern Command in Panama, serving as the Chief of Current Operations, the Deputy Director for Operations, and the Vice Director of the Operations Directorate. He concluded his tour as the Deputy Chief of Staff, USSOUTHCOM.

General Braaten was assigned duty as Commanding Officer, MCAS Tustin, in August 1991. While serving in this capacity, he was selected in March 1993, for promotion to brigadier general. He was promoted to his present grade on May 20, 1993, and was assigned as Deputy Commanding General, II Marine Expeditionary Force, Camp Lejeune, North Carolina. He assumed his current assignment on May 31, 1994.

His personal decorations include: the Defense Superior Service Medal; Legion of Merit; Distinguished Flying Cross; Air Medal with Strike Flight Numeral "52"; Navy Achievement Medal; and the Combat Action Ribbon.

Brigadier General Braaten is married to the former Susan McCrory of Fort Worth, Texas. His daughter Kristin is a student at Texas Christian University in Fort Worth, Texas.

(Revised May 12, 1994 HQMC)

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I AM BRIGADIER GENERAL THOMAS A. BRAATEN, DIRECTOR FACILITIES AND SERVICES DIVISION, INSTALLATIONS AND LOGISTICS DEPARTMENT, HEADQUARTERS, U. S. MARINE CORPS. I APPRECIATE THIS OPPORTUNITY TO APPEAR BEFORE YOU TODAY. I AM PARTICULARLY PLEASED THAT YOU HAVE CHOSEN TO FOCUS ON RECAPITALIZATION AND MODERNIZATION OF OUR INFRASTRUCTURE. IN JULY 1995 THE COMMANDANT OF THE MARINE CORPS ISSUED PLANNING GUIDANCE THAT STATED "THE DETERIORATION OF THE INFRASTRUCTURE OF OUR BASES AND STATIONS--WHICH SERVE AS OUR MARINE AIRCRAFT CARRIERS FROM WHICH WE LAUNCH OUR EXPEDITIONARY FORCES--IS BECOMING UNTENABLE." HE FURTHER DIRECTED THAT "WE WILL REFINE OUR METHOD OF ASSESSING THE SHORTFALLS AND THEN DEVELOP A LONG-TERM MASTER PLAN FOR CONSTRUCTION, REPAIR, AND PERPETUAL MAINTENANCE FOR ALL OUR BASES." IN AUGUST OF 1995 THE INSTALLATIONS AND LOGISTICS DEPARTMENT HAD A 3-DAY STANDDOWN TO FOCUS ON DEVELOPING A PLAN TO MEET OUR INFRASTRUCTURE CHALLENGES. AS A RESULT, WE ARE DEVELOPING A CAMPAIGN PLAN IN ORDER TO BETTER DETERMINE REQUIREMENTS AND PRIORITIES TO STRATEGICALLY PLAN OUR INFRASTRUCTURE NEEDS INTO THE 21ST CENTURY.



ONE OF THE GREATEST CHALLENGES WE FACE IN DEVELOPING OUR INSTALLATIONS AND LOGISTICS CAMPAIGN PLAN IS HOW TO PLAN FOR CONSTRUCTION, REPAIR, AND PERPETUAL MAINTENANCE OF THE INFRASTRUCTURE WITHIN A FISCALLY CONSTRAINED BUDGET. WE NEED TO ENSURE THAT THERE IS A BALANCE BETWEEN ALL PROGRAMS AFFECTING READINESS AND PERSONNEL SUPPORT.

AS A FORMER COMMANDING OFFICER OF A MARINE CORPS AIR STATION I AM WELL AWARE THAT THE QUALITY OF FACILITIES ARE CRITICAL TO A MARINE'S MORALE AND READINESS. WITHOUT QUALITY FACILITIES TO SUPPORT TRAINING, MAINTENANCE, AND OPERATIONS, OUR MISSION IS HAMPERED. WHEN WE LOOK AT IMPROVEMENTS TO OUR MARINES' READINESS AND QUALITY OF LIFE, WE MUST CONSIDER WHERE THEY LIVE, WORK, AND TRAIN. EFFICIENCY AND ECONOMY IN ALL WE DO ARE CRITICAL TO OFFSET THE DECLINE IN RESOURCES AVAILABLE TO FACILITIES MAINTENANCE AND CONSTRUCTION.

THREE MAJOR FUNDING AREAS AFFECT THE IMPACT FACILITIES HAVE ON INFRASTRUCTURE AND RECAPITALIZATION; MAINTENANCE AND REPAIR, MILITARY CONSTRUCTION, AND FAMILY HOUSING.

#### **MAINTENANCE AND REPAIR**

ADEQUATE MAINTENANCE OF FACILITIES IS CRITICAL TO READINESS AND QUALITY OF LIFE. PROPER FUNCTIONING OF THE INTERIOR OF FACILITIES SUCH AS: LIGHTS THAT WORK, TOILETS THAT FLUSH, FLOOR TILES AND CARPETS THAT AREN'T TRIP HAZARDS, ROOFS THAT DON'T LEAK AND AIR CONDITIONING AND HEATING SYSTEMS THAT WORK OBVIOUSLY AFFECT QUALITY OF LIFE. THERE ARE ALSO MANY OTHER MAINTENANCE FUNCTIONS THAT PROVIDE FOR THE QUALITY OF LIFE AND READINESS OF OUR MARINES. THESE INCLUDE KEEPING STEAM PLANTS OPERATIONAL, ENSURING RUNWAYS DON'T HAVE FOREIGN OBJECT DEBRIS PROBLEMS, KEEPING SEWER LINES FUNCTIONING, AND REPAIRING THE POTHOLES IN ROADS. THESE INFRASTRUCTURE ISSUES IN MANY CASES HAVE MORE GLOBAL IMPACT ON PRODUCTIVITY AND QUALITY OF LIFE THAN THE SPECIFIC BUILDING PROBLEMS. KEEPING OUR FACILITIES IN ADEQUATE CONDITION INCREASES EFFICIENCY AND PRODUCTIVITY BY ALLOWING A MARINE TO FOCUS HIS OR HER TOTAL EFFORT TO THE TASK AT HAND. IN ADDITION, PERFORMING MAINTENANCE IN A TIMELY MANNER REDUCES LIFE CYCLE COSTS OF FACILITY OPERATIONS BY PERFORMING MINOR MAINTENANCE AND REPAIR BEFORE IT ESCALATES INTO MAJOR REPAIRS OR CAUSES CATASTROPHIC FAILURE.

WE ARE WORKING ON SUSTAINING THE CONDITION OF OUR EXISTING FACILITIES BY DEVELOPING MANAGEMENT TECHNIQUES TO BETTER USE OUR LIMITED RESOURCES. WE ARE PUTTING IN PLACE A SYSTEM TO TIE MISSION IMPACT TO FACILITY CONDITION, AND WE ARE IMPROVING OUR COST ANALYSIS TECHNIQUES SO WE CAN LEARN WHERE OUR EFFICIENCIES AND INEFFICIENCIES LIE, ALTHOUGH CONGRESS PROVIDED A GENEROUS INCREASE IN FY 1996, DUE TO FISCAL CONSTRAINTS, THE FY 1997 REQUEST (WHICH RESULT IN THE GROWTH OF THE BACKLOG OF MAINTENANCE AND REPAIR BY 11 PERCENT) IT WILL ALLOW US TO APPLY THE MONEY IN THE MOST NEEDED AREAS. FINALLY, WE ARE AGGRESSIVELY DEMOLISHING THE FEW UNNEEDED BUILDINGS WE HAVE IN ORDER TO ELIMINATE THE ASSOCIATED SUPPORT COSTS.

#### MILITARY CONSTRUCTION

MILITARY CONSTRUCTION IS OUR SECOND FUNDING SOURCE FOR INFRASTRUCTURE RECAPITALIZATION AND MODERNIZATION. IT IS NOT ECONOMICALLY FEASIBLE TO IMMEDIATELY CORRECT EVERY FACILITIES DEFICIENCY WITH MILITARY CONSTRUCTION. THE DECISION TO CONSTRUCT REPLACEMENT FACILITIES IS ALWAYS BALANCED AGAINST THE IMPACT OF DEFERRAL. IN THE SHORT TERM THERE IS USUALLY LITTLE IMPACT. CONTINUED LONG TERM DEFERRAL DOES, HOWEVER, HAVE A PROFOUND

EFFECT ON READINESS. ASSUMING THAT THE ENTIRE FISCAL YEAR 1997 PROGRAM WAS FOR RECAPITALIZATION, IT WOULD TAKE APPROXIMATELY 200 YEARS TO REPLACE PLANT. WITH CURRENT FUNDING CONSTRAINTS WE WILL ONLY MINIMALLY RECAPITALIZE OUR INFRASTRUCTURE. WE WILL NOT BE ABLE TO MAINTAIN ITS WELLNESS.

WITHIN FISCAL CONSTRAINTS, OUR GOALS IN FORMULATING THE MARINE CORPS MILITARY CONSTRUCTION PROGRAM ARE THREEFOLD:

- PROVIDE STATE-OF-THE-ART FACILITIES FOR OPERATIONAL ECONOMY AND EFFICIENCY
- RECAPITALIZE PLANT
- PROVIDE QUALITY OF LIFE FACILITIES AS INCENTIVE FOR RETENTION

THESE THREE GOALS ARE NOT MUTUALLY EXCLUSIVE. OUR CHALLENGE IS TO ALLOCATE RESOURCES IN EACH AREA TO PROVIDE THE MOST BENEFICIAL PROGRAM POSSIBLE. IF THE ALLOCATION OF RESOURCES IS NOT CORRECT; IT WILL BE REFLECTED IN MORALE, READINESS, RETENTION, AND RECRUITMENT. THE FISCAL YEAR 1997 PROGRAM PROVIDES A MODEST PROGRAM TO SUPPORT FACILITIES THAT PROMOTE READINESS, RECAPITALIZE, AND QUALITY OF LIFE INCENTIVES.



OPERATIONAL ECONOMY AND EFFICIENCY ARE CRITICAL TO SUPPORTING READINESS, AND, IN TURN, RECAPITALIZATION IS ESSENTIAL FOR OPERATIONAL ECONOMY AND EFFICIENCY. EQUIPMENT MAKES NO DISTINCTION BETWEEN TRAINING AND "REAL WORLD" CONTINGENCIES. THE MORE THE EQUIPMENT IS USED THE FASTER THE END OF ITS SERVICE LIFE APPROACHES. IT IS CRITICAL THAT WE PROVIDE MODERN, SAFE FACILITIES IN ORDER TO ALLOW MARINES TO EFFICIENTLY COMPLETE THEIR MISSION. AT MCAS, NEW RIVER WE ARE PROPOSING A NEW CORROSION CONTROL FACILITY. THIS FACILITY WILL MOVE ROUTINE CORROSION CONTROL OPERATIONS ON HELICOPTERS FROM THE OUTDOORS AND POORLY VENTILATED HANGARS TO A HANGAR WHERE PROPER CLIMATE CONTROL AND VENTILATION WILL ENHANCE APPROPRIATE AND TIMELY CORROSION MAINTENANCE ON OUR AGING HELICOPTER INVENTORY. ANOTHER PROJECT AT MCAS, NEW RIVER WILL PROVIDE AN AVIATION ARMAMENT SHOP IN A CONSOLIDATED FACILITY, AGAIN CONSOLIDATING LIKE FUNCTIONS IN ONE FACILITY FOR OPERATIONAL EFFICIENCY.

EVERY DAY, THE MARINE CORPS FACES THE CHALLENGE OF HOW TO DO MORE WITH LESS. APPROPRIATE TRAINING IS ESSENTIAL TO READINESS. MARINE CORPS EFFORTS ARE INCREASINGLY FOCUSED ON LOCAL TRAINING; HOWEVER, TRAINING FACILITIES, RANGES, AND MANEUVER AREAS HAVE NOT KEPT PACE WITH WEAPON AND EQUIPMENT MODERNIZATION. ONE OF OUR

RECAPITALIZATION CHALLENGES IS TO PROVIDE ENHANCED TRAINING RANGES. OUR RANGE MODERNIZATION PROGRAM CONTINUES IN THE FISCAL YEAR 1997 PROGRAM WITH FURTHER ENHANCEMENTS TO THE RANGE FACILITIES AT MCB, CAMP LEJEUNE, AND MCB, CAMP PENDLETON. THESE PROJECTS WILL ALLOW COMMANDERS TO TRAIN MARINES AS EFFECTIVELY AS POSSIBLE IN THE SHORTEST AMOUNT OF TIME BY USING LOCAL, STATE-OF-THE-ART RANGE FACILITIES.

WE MUST CARE FOR THE ASSETS WE HAVE, AND WE CANNOT AFFORD THE RISK OF LOSING EXPENSIVE SUPPLIES BECAUSE THEY ARE STORED IN A LEAKING FACILITY. A CASE IN POINT IS OUR PROPOSED AMMO STORAGE FACILITY REPLACEMENT PROJECT AT MCCDC, QUANITCO. THESE VINTAGE FACILITIES HAVE GONE BEYOND THE POINT THAT THEY CAN BE REPAIRED. THE PROPOSED REPLACEMENT FACILITIES WILL ENSURE THAT AMMO ESSENTIAL FOR TRAINING WILL BE PROPERLY STORED WHILE AWAITING DISTRIBUTION.

SAFETY CONSIDERATIONS CERTAINLY EFFECT READINESS. ANY MISHAP IS COSTLY AND DEMORALIZING. OUR PROPOSED RUNWAY OVERRUN/CLEAR ZONE PROJECT AT MCAS, CAMP PENDLETON WILL PAVE THE RUNWAY OVERRUN TO REDUCE THE POSSIBILITY OF MISHAPS.

INFRASTRUCTURE RECAPITALIZATION IS CRITICAL TO MAINTAINING QUALITY LIVING AND WORKING CONDITIONS AND PROTECTING THE ENVIRONMENT FOR THE FUTURE. THE FINAL PHASE OF THE WASTEWATER TREATMENT PLANT IMPROVEMENTS AT MCB, CAMP LEJEUNE IS PROPOSED IN FISCAL YEAR 1997.

IN THE QUALITY OF LIFE AREA WE HAVE, AND WILL CONTINUE TO STRESS, BACHELOR QUARTERS; BOTH FOR PERMANENT PERSONNEL AND TRAINEES. MCB, CAMP PENDLETON WILL HAVE REPLACEMENT BARRACKS FOR PERMANENT PERSONNEL. AT BOTH MCB, CAMP LEJEUNE AND MCB, CAMP PENDLETON WE WILL REPLACE WOODEN BARRACKS AND QUONSET HUTS BUILT IN WORLD WAR II FOR THE STAFF NON-COMMISSIONED OFFICERS ACADEMY AND THE SCHOOL OF INFANTRY. WITH THESE PROJECTS WE WILL PROVIDE EXCELLENT FACILITIES IN WHICH TO LIVE AND TRAIN. TWO PHYSICAL FITNESS CENTERS WILL PROVIDE FACILITIES THAT ALLOW OUR MARINES TO STAY IN GOOD PHYSICAL SHAPE. THE RESULTS WILL BE IMPROVED SPIRITS, CAMARADERIE AND READINESS. FAMILY PROVIDES AN INTEGRAL PART OF A MARINE'S SUPPORT STRUCTURE; A CHILD CARE CENTER AT TWENTYNINE PALMS WILL ENHANCE SUPPORT TO MARINES AND THEIR FAMILIES.

BACHELOR AND FAMILY HOUSING

FAMILY HOUSING CONSTRUCTION FUNDING IS INTEGRAL TO MAINTAINING MARINE MORALE, AND IS A LARGE ELEMENT OF OUR MODERNIZATION AND RECAPITALIZATION REQUIREMENT. THE MARINE CORPS IS COMMITTED TO IMPROVING THE QUALITY OF LIFE FOR ALL ITS MARINES AND, IN TURN, INCREASING PRODUCTIVITY AND SATISFACTION WITH THE CORPS. IN 1994 WE ISSUED CAMPAIGN PLANS FOR BOTH FAMILY AND BACHELOR HOUSING. THESE PLANS PROVIDE BLUEPRINTS ON HOW WE WILL IMPROVE THE QUALITY OF LIFE FOR BOTH OUR BACHELOR AND MARRIED MARINES. THESE PLANS ARE AN INVESTMENT IN THE WELLNESS OF OUR CORPS INFRASTRUCTURE AND IN MORALE, RETENTION, READINESS, AND THE QUALITY OF OUR MARINES.

THE PLANS FURNISH THE STRATEGY, GOALS, AND SUPPORTING OBJECTIVES ESSENTIAL TO IMPLEMENTING PROGRAMS TO PROVIDE EXCELLENT HOMES FOR OUR MARINES. QUALITY LIVING CONDITIONS MUST BE EMPHASIZED NOW TO ATTAIN, RETAIN, AND SUSTAIN THE NATION'S "FORCE IN READINESS." WE CANNOT CONTINUE TO BILLET OUR MARINES IN INADEQUATE QUARTERS. WE MUST REPLACE, THEN DEMOLISH, THE INADEQUATE BARRACKS.



IN THE FAMILY HOUSING AREA, WE HAVE IDENTIFIED OVER A THIRD OF OUR INVENTORY AS REQUIRING IMMEDIATE OR NEAR TERM REVITALIZATION OR REPLACEMENT. INTEGRAL TO THIS PROGRAM IS REVITALIZATION AND REPLACEMENT OF SUPPORTING INFRASTRUCTURE SUCH AS UTILITIES AND ROADS. AT CURRENT FUNDING LEVELS, WE WILL ONLY BE ABLE TO REVITALIZE OR REPLACE 15% OF OUR HOUSING INVENTORY AND SUPPORTING INFRASTRUCTURE BETWEEN 1996 AND 2001.

IN MANY CASES WE CANNOT WAIT TO REPAIR INFRASTRUCTURE ELEMENTS IN THE CONTEXT OF A REVITALIZATION PROJECT. WE, THEREFORE, ALSO DEPEND ON INFRASTRUCTURE AND EXTERIOR STRUCTURAL REPAIRS IN THE MAINTENANCE PROGRAM TO PRESERVE FAMILY HOUSING ASSETS. OUR FAMILY HOUSING NON-REVITALIZATION REPAIR BACKLOG IS CURRENTLY \$60 MILLION DOLLARS. OVER A THIRD OF THE BACKLOG IS FOR INFRASTRUCTURE REPAIRS AND MODERNIZATION.

THROUGH OUR HOUSING REPAIR, REVITALIZATION, AND REPLACEMENT PROGRAMS IN FISCAL YEARS 1996 AND 1997, WE ARE REPAIRING OR REPLACING SEWER LINES, STORM WATER AND DRAINAGE SYSTEMS, ROADS, NATURAL GAS, AND SANITARY SEWER SYSTEMS. OUR FAMILY HOUSING CAMPAIGN PLAN WILL CONTINUE TO PLACE A HIGH PRIORITY ON ADDRESSING INFRASTRUCTURE PROBLEMS NOW AND IN THE FUTURE.

**SUMMARY**

IN REVIEWING PAST PROGRAMS, AS WELL AS THE PROGRAM BEFORE YOU TODAY, IT IS DIFFICULT TO FIND ANY PROJECT THAT DOES NOT ULTIMATELY AFFECT READINESS. ALL OF THESE FACILITIES FURTHER MISSION ACCOMPLISHMENT AND IMPROVE QUALITY OF LIFE. WHEN WE PROVIDE HIGH QUALITY FACILITIES FOR OUR MARINES AND SAILORS IN WHICH TO TRAIN AND WORK, OUR ACTIONS CLEARLY STATE THAT WE RECOGNIZE THEIR EFFORT IS VITAL TO THE MARINE CORPS MISSION.

DIFFICULT DECISIONS HAVE BEEN MADE TO DEFER MANY PROJECTS BECAUSE OF VALID FISCAL CONSTRAINTS. HOWEVER, CONTINUED MINIMAL INVESTMENT IN OUR FACILITIES IS LEADING TO DETERIORATION. FUTURE READINESS AND CAPABILITY DEPEND ON AN ADEQUATE INFRASTRUCTURE. THIS WILL REQUIRE ADDITIONAL FUNDING BEING DEDICATED TO PROVIDE THE MINIMUM ESSENTIAL LEVELS OF MILITARY CONSTRUCTION. IT IS CLEAR THAT QUALITY OF LIFE AFFECTS READINESS. QUALITY FACILITIES RESULT IN A MARINE WHO IS MORE MOTIVATED, EASIER TO TRAIN, AND OUTPERFORMS HIS OR HER CONTEMPORARIES.

CONGRESSIONAL SUPPORT IN THE PAST REFLECTS A DEEP APPRECIATION FOR THE RELATIONSHIP BETWEEN FACILITIES, WARFIGHTING

CAPABILITY AND QUALITY OF LIFE. MODERN, HIGH QUALITY FACILITIES HAVE CONTRIBUTED SIGNIFICANTLY TO IMPROVED MISSION CAPABILITY, PRODUCTIVITY, READINESS AND SUSTAINABILITY. THE FISCAL YEAR 1997 CONSTRUCTION REQUEST REPRESENTS THE JOINT EFFORT OF THE COMMANDANT, THE SECRETARY OF THE NAVY AND THE SECRETARY OF DEFENSE TO FURTHER OUR COMMITMENT TO THE MARINE CORPS ULTIMATE GOAL: BRING MARINES AND SAILORS HOME SAFELY FROM THE BATTLEFIELD. MR. CHAIRMAN, THIS CONCLUDES MY STATEMENT, I WILL BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE ON OUR FISCAL YEAR 1997 BUDGET REQUEST.

Mr. HEFLEY. Thank you, general.

Maj. Gen. Eugene Lupia, The Civil Engineer, Headquarters, U.S. Air Force. General.

**STATEMENT OF MAJ. GEN. EUGENE A. LUPIA, THE CIVIL ENGINEER, HEADQUARTERS, U.S. AIR FORCE**

General LUPIA. Thank you, Mr. Chairman, members of the committee. Good afternoon. I appreciate the opportunity to appear before you to discuss the Department of the Air Force fiscal year 1997 military construction and family housing programs. I have a written statement I would like to submit for the record; and if it is OK with the chairman, I would like to synopsize that now.

Mr. HEFLEY. Without objection, General.

General LUPIA. The Air Force has undergone a major reorganization combined with substantial reductions in force structure and a significant number of base closures. As beneficial as these realignments and closures have been, the Air Force continues to focus on reducing our installation infrastructure to ensure it efficiently supports our Air Force missions. We are doing this using a variety of methods, including demolition, consolidation, divestiture, and privatization.

The installations we do retain will be lean and efficient. This requires sustained but prudent investment to arrest the steady rate of facility and infrastructure deterioration and to provide a dependable physical plant to support tomorrow's Air Force.

The total active-duty Air Force military construction request for 1997 is almost \$1.7 billion. This includes \$603 million for traditional construction and almost \$1.1 billion for family housing. We developed this program to achieve the following five objectives: Support new mission and weapons system beddowns; second, take care of what we own; third, continue to improve quality of life; fourth, reinvest overseas; and fifth, continue investment in environmental programs. I will touch on each of those five subject areas very briefly.

Air Force new mission construction supports programs such as the C-17, Joint Stars, development of the F-22, and the space-based infrared system. Thank you for the \$151 million of O&M funds added to our 1996 budget. We have committed \$40 million of the \$151 million for demolition, and our major commands have added another \$17 million for a total of \$57 million. This amount is against a 1996 requirement of \$83 million for demolition.

The Air Force continues to emphasize its support for our people, our most valuable asset. Privacy remains the number one concern among our airmen in unaccompanied housing. We are committed to providing private sleeping rooms to every permanent party airman we house. Our first priority is to replace by the year 2000 those permanent party dormitories still in a central latrine configuration. Next, we need to satisfy the deficit to house our young airmen who today cannot live on base, and then turn our attention to renovating or replacing our existing two-person-per-room dormitories.

Again, I would like to thank the Congress for the additional \$46 million in construction and \$100 million in O&M you gave us in the 1996 budget for our dormitories. Of the \$100 million, again of



the total of \$151 million, \$100 million was dedicated to dormitories. We have already awarded \$44 million in construction contracts and will award the remaining \$56 million by the end of this month. In the first six months of this fiscal year, we will put the whole \$100 million to work.

Air Force leadership considers family housing to be one of our most important programs. We are convinced no other facility program so greatly influences the commitment of our people as having quality homes for their families. Our 1997 request is for almost \$1.1 billion. We are very hopeful a recent authorization of the Military Housing Privatization Initiative will enable us to greatly accelerate needed improvements and replacement of our existing inventory. This authority will help us stretch appropriated funds with private capital to satisfy much more of our housing needs.

Air Force overseas basing and force structure is now more stable after years of base closures and force reductions. We now have six main operating bases in Europe and five in Korea and Japan. Now that things are more stable, we need to prudently reinvest overseas. We are actively pursuing NATO funding and host nation funding. However, the need is greater than available burdensharing opportunities can satisfy.

Finally, in the environmental area, our focus is to sustain readiness, be good neighbors, and leverage our resources. We are partnering with regulators in local communities to establish clean-up schedules commensurate with funding levels, respond to community concerns, and still maintain a high level of operational readiness. Our 1997 request not only solves environmental problems but contributes to rebuilding the infrastructure system of our bases.

Mr. Chairman, members of the committee, I want to thank you for your strong support of the Air Force military construction program and the benefits this has provided to the men and women of the Air Force. I will be happy to answer any question that you may have.

[The prepared statement of General Lupia follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON NATIONAL SECURITY  
SUBCOMMITTEE ON MILITARY INSTALLATIONS AND FACILITIES

HOUSE OF REPRESENTATIVES

MARCH 1996

SUBJECT: FISCAL YEAR 1997  
RECAPITALIZATION AND MODERNIZATION

STATEMENT OF: MAJOR GENERAL EUGENE A. LUPIA  
THE AIR FORCE CIVIL ENGINEER

NOT FOR PUBLICATION UNTIL RELEASED  
BY THE COMMITTEE ON NATIONAL SECURITY  
HOUSE OF REPRESENTATIVES



# BIOGRAPHY

UNITED STATES AIR FORCE

Secretary of the Air Force  
Office of Public Affairs  
Washington, D.C. 20330-1690

## MAJOR GENERAL EUGENE A. LUPIA

Major General Eugene A. Lupia is the Air Force civil engineer, Washington, D.C. He is responsible to the Air Force chief of staff for organizing, training and equipping the 50,000-person civil engineering force, and for the development, construction, maintenance and environmental quality of Air Force bases worldwide. This responsibility also includes services for housing, fire protection and aircraft crash and rescue, explosive ordnance disposal and disaster preparedness. Additionally, he oversees the Air Force Civil Engineering Support Agency at Tyndall Air Force Base, Fla., and the Air Force Center for Environmental Excellence at Brooks Air Force Base, Texas.

The general entered the Air Force in 1967 after graduating from the U.S. Air Force Academy, Colorado Springs, Colo. He has served as an adviser to the Vietnamese base civil engineer at Tan Son Nhut Air Base, South Vietnam; as base civil engineer at McConnell Air Force Base; and as director of planning and programming, deputy chief of staff engineering and services, Headquarters United States Air Forces in Europe. He was also combat support wing commander at Ramstein Air Base, supporting the largest American community outside the United States.

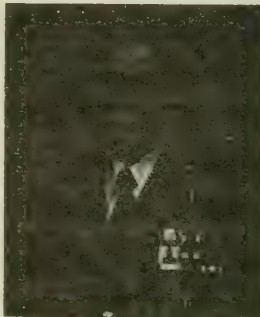
General Lupia was an Industrial College of the Armed Forces mobilization fellow with the Federal Emergency Management Agency studying nuclear blast protection for critical American industries. Before coming to the Air Staff, he served as deputy chief of staff, engineering and services, at Headquarters Strategic Air Command, and as director of civil engineering at Headquarters Air Mobility Command.

He flew aboard the Strategic Air Command airborne command post "Looking Glass" as an engineering damage assessment officer until his promotion in 1991. Since then he has served as a U.S. Strategic Command airborne command post mission director of the "Looking Glass."

General Lupia and his wife, Diane, have two sons, Peter and Christopher.

### EDUCATION:

- |      |  |
|------|--|
| 1967 | Bachelor of science degree in civil engineering, U.S. Air Force Academy, Colorado Springs, Colo.                                   |
| 1968 | Master of science degree in civil engineering, Oklahoma State University, Okla.  |
| 1973 | Distinguished graduate, Squadron Officer School, Maxwell Air Force Base, Ala.  |
| 1977 | Air Command and Staff College, Maxwell Air Force Base, Ala.  |
| 1978 | Armed Forces Staff College, Norfolk, Va.   |
| 1983 | Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, D.C.  |
| 1994 | National and International Security Management Program, John F. Kennedy School of Government, Harvard University, Cambridge, Mass. |



**ASSIGNMENTS:**

1. September 1968 - January 1971, operations officer, 317th Civil Engineering Squadron, Lockbourne Air Force Base, Ohio
2. January 1971 - January 1972, adviser to the Vietnamese base civil engineer, Tan Son Nhut Air Base, South Vietnam
3. January 1972 - August 1973, construction management engineer, housing division, Headquarters U.S. Air Force, Washington, D.C.
4. August 1973 - October 1976, special assistant to director of engineering and services, Headquarters U.S. Air Force, Washington, D.C.
5. October 1976 - August 1977, special assistant to the director of civil engineering, Headquarters U.S. Air Force, Washington, D.C.
6. August 1977 - February 1978, Armed Forces Staff College, Norfolk, Va.
7. February 1978 - July 1981, commander, 381st Civil Engineering Squadron, McConnell Air Force Base, Kan.
8. July 1981 - June 1982, student, Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, D.C.
9. June 1982 - July 1983, Industrial College of the Armed Forces mobilization fellow, Federal Emergency Management Agency, Washington, D.C.
10. July 1983 - July 1986, director of planning and programming, deputy chief of staff, engineering and services, Headquarters U.S. Air Forces in Europe, Ramstein Air Base, West Germany
11. July 1986 - July 1988, commander, 377th Combat Support Wing, Ramstein Air Base, West Germany
12. July 1988 - June 1992, deputy chief of staff, engineering and services, Headquarters Strategic Air Command, Offutt Air Force Base, Neb.
13. June 1992 - July 1995, director of civil engineering, Headquarters Air Mobility Command, Scott Air Force Base, Ill.
14. July 1995 - present, civil engineer, Headquarters U.S. Air Force, Washington, D.C.

**OTHER ACHIEVEMENTS:**

- 1971 Registered professional civil engineer, Colorado
- 1978 Society of American Military Engineers' Sverdrup Medal for the most outstanding contribution to the military service of the nation
- 1980 Fellow, Society of American Military Engineers
- 1989 Society of American Military Engineers' Newman Medal in recognition of outstanding contributions to military excellence

**MAJOR AWARDS AND DECORATIONS:**

Distinguished Service Medal  
 Legion of Merit with oak leaf cluster  
 Bronze Star Medal  
 Defense Meritorious Service Medal  
 Meritorious Service Medal with oak leaf cluster  
 Republic of Vietnam Gallantry Cross with Palm

**EFFECTIVE DATES OF PROMOTION:**

Second Lieutenant	Jun 7, 1967
First Lieutenant	Dec 7, 1968
Captain	Jun 7, 1970
Major	Jun 1, 1976
Lieutenant Colonel	Apr 1, 1979
Colonel	Nov 1, 1983
Brigadier General	Aug 3, 1991
Major General	May 25, 1995

(Current as of December 1995)



**INTRODUCTION**

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, GOOD AFTERNOON. I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE DEPARTMENT OF THE AIR FORCE FISCAL YEAR 1997 ACTIVE DUTY MILITARY CONSTRUCTION PROGRAM.

**OVERVIEW**

AS YOU KNOW MR. CHAIRMAN, BECAUSE OF A DECLINING DEFENSE BUDGET AND CHANGES IN THE THREAT, THE AIR FORCE HAS UNDERGONE MAJOR REORGANIZATION, COMBINED WITH SUBSTANTIAL REDUCTIONS IN FORCE STRUCTURE AND A SIGNIFICANT AMOUNT OF BASE CLOSURES. NEVERTHELESS, AS BENEFICIAL AS CLOSURES OF BOTH U.S. AND OVERSEAS BASES HAVE BEEN, THE AIR FORCE MUST CONTINUE TO FOCUS ON ACHIEVING REDUCTIONS TO OUR INSTALLATIONS NETWORK BY OTHER MEANS IN ORDER TO ENSURE IT EFFICIENTLY SUPPORTS AIR FORCE MISSIONS AND FORCE STRUCTURE. WE ARE "RIGHTSIZING" THE AIR FORCE PHYSICAL PLANT BY MEANS WHICH INCLUDE DEMOLITION, CONSOLIDATION, AND PRIVATIZATION.

THE AIR FORCE NETWORK OF INSTALLATIONS THAT WE RETAIN WILL BE A LEAN ONE, DEMANDING THAT IT ALSO BE VERY EFFICIENT. THIS INCREASED EFFICIENCY IS NOT FREE. IT WILL REQUIRE SUSTAINED AND PRUDENT INVESTMENT IN ORDER TO ARREST TODAY'S STEADY RATE OF FACILITY DETERIORATION AND TO PROVIDE A DEPENDABLE PHYSICAL PLANT FROM WHICH TO SUPPORT TOMORROW'S AIR FORCE.

- IT WILL REQUIRE INVESTMENT IN THE FACILITY REQUIREMENTS SUPPORTING THE FEW BUT CRITICAL NEW MISSIONS AND WEAPON SYSTEM MODERNIZATION PROGRAMS THE AIR FORCE IS PURSUING TO GUARANTEE FUTURE RELEVANCY.
- IT WILL REQUIRE CONTINUED INVESTMENT IN THE FACILITY PROGRAMS WHICH PROVIDE A SOUND QUALITY OF LIFE FOR AIR FORCE PEOPLE--OUR MOST IMPORTANT RESOURCE.
- IT WILL REQUIRE REINVESTMENT IN THE FEW REMAINING OVERSEAS BASES, WHICH EVEN AFTER HOST-NATION BURDENSARING, HAVE SIGNIFICANT FACILITY NEEDS CRITICAL TO THE AIR FORCE'S GLOBAL REACH AND GLOBAL POWER.

- AND IT WILL REQUIRE INVESTMENT IN THE WORN OUT INFRASTRUCTURE OF OUR RETAINED PHYSICAL PLANT, TO INCLUDE UTILITY SYSTEMS AND ROADS, THAT CAN GO UNNOTICED UNTIL THEY REACH FAILURE AND CONSEQUENTLY BECOME READINESS AND QUALITY OF LIFE ISSUES THEMSELVES.

HOWEVER, THE AIR FORCE RECOGNIZES THAT, EVEN WITH THE WISE INVESTMENTS REQUIRED FOR US TO PAY THE COST OF OWNERSHIP AS RESPONSIBLE STEWARDS, WE MUST STILL LOOK AT OUR FACILITY REQUIREMENTS DIFFERENTLY THAN IN THE PAST. THIS IS WHY THE AIR FORCE WAS VERY SUPPORTIVE OF THE FISCAL YEAR 1996 LEGISLATION ENABLING US TO PURSUE PRIVATIZATION OF MILITARY HOUSING. WE'RE ANXIOUS TO PUT THIS AUTHORITY TO USE. FURTHERMORE, WE'RE ALSO EXCITED ABOUT THE POTENTIAL OPPORTUNITIES TO PRIVATIZE OTHER PARTS OF OUR INFRASTRUCTURE WHERE IT MAKES SENSE. I WANT TO THANK YOU FOR MAKING THIS INNOVATIVE LEGISLATION POSSIBLE.

MR. CHAIRMAN, WE ARE COGNIZANT THAT THE AIR FORCE COULD NOT MAINTAIN THE QUALITY OF ANY OF OUR FACILITIES AND THE ADVANTAGES THEY PROVIDE WITHOUT THE STRONG SUPPORT WE HAVE ALWAYS RECEIVED FROM THIS COMMITTEE, FOR WHICH WE ARE MOST GRATEFUL.

WITH THIS BACKGROUND, MR. CHAIRMAN, I WOULD LIKE TO PROCEED TO DISCUSS OUR ACTIVE DUTY MILITARY CONSTRUCTION BUDGET REQUEST.

**AIR FORCE ACTIVE DUTY MILITARY CONSTRUCTION BUDGET**

THE AIR FORCE'S FY 1997 MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAMS WERE DEVELOPED USING A FACILITY INVESTMENT STRATEGY HIGHLIGHTING THE FOLLOWING OBJECTIVES:

- SUPPORT NEW MISSION & WEAPONS SYSTEM BEDDOWNS
- TAKE CARE OF WHAT WE OWN
- CONTINUE TO IMPROVE QUALITY OF LIFE
- REINVEST OVERSEAS
- CONTINUE INVESTMENT IN ENVIRONMENTAL PROGRAMS



**ACTIVE AIR FORCE MILITARY CONSTRUCTION PROGRAM****NEW MISSION:****SUPPORT NEW MISSION & WEAPONS SYSTEM BEDDOWNS**

THE AIR FORCE IS EVER EVOLVING--MODERNIZING AND REALIGNING WEAPON SYSTEMS TO MEET THE CHALLENGES OF A CONTINUALLY CHANGING WORLD AND TO GUARANTEE FUTURE RELEVANCY. NEW AIRCRAFT, SATELLITES, AND COMMUNICATIONS SYSTEMS ARE BEING DEVELOPED, TESTED AND FIELDDED. CURRENT AIRCRAFT ARE BEING REALIGNED TO IMPROVE THEIR CAPABILITIES. MILITARY CONSTRUCTION IS NEEDED TO SUPPORT THESE PROGRAMS. THE C-17, JOINT STARS, DEVELOPMENT OF THE F-22, UNMANNED AERIAL VEHICLE (UAV) BEDDOWN AND THE SPACE BASED INFRARED SYSTEM (SBIRS) ARE BUT A FEW PROGRAMS SUPPORTED WITH NEW MISSION MILCON. OUR FY1997 NEW MISSION PROGRAM TO SUPPORT THESE BEDDOWNS IS 41% OF OUR MILCON REQUEST.

**C-17**

THE C-17 AIRCRAFT WILL REPLACE THE AGING C-141. IN NOVEMBER 1995, THE DECISION WAS ANNOUNCED THAT THE AIR FORCE WOULD BUY A TOTAL OF 120 C-17S. AT THAT TIME, MCCHORD AIR FORCE

BASE, WASHINGTON, WAS ANNOUNCED AS THE SECOND OPERATIONAL BASE FOR THE AIRCRAFT. WE HAD ALREADY IDENTIFIED CHARLESTON AIR FORCE BASE, SOUTH CAROLINA, AS THE FIRST OPERATIONAL BASE AND ALTUS AIR FORCE BASE, OKLAHOMA, AS THE C-17 TRAINING BASE. PRIOR YEAR PROJECTS AT CHARLESTON AIR FORCE BASE TOTAL \$73.9 MILLION AND AT ALTUS AIR FORCE BASE, \$83 MILLION. THE FY 1997 PROGRAM SUPPORTS PROJECTS AT BOTH CHARLESTON AND MCCHORD AIR FORCE BASES.

#### JOINT STARS

WE ARE REQUESTING FUNDS FOR PROJECTS AT ROBINS AIR FORCE BASE, GEORGIA, TO PROVIDE FACILITIES NEEDED TO SUPPORT THE BEDDOWN OF THE JOINT STARS AIRCRAFT. ROBINS AIR FORCE BASE IS THE SINGLE MAIN OPERATING BASE FOR THE 19 PRIMARY ASSIGNED AIRCRAFT. PRIOR YEAR MILCON TO SUPPORT JOINT STARS AT ROBINS TOTALS \$73.4 MILLION. JOINT STARS HAS TWO FORWARD OPERATING LOCATIONS--ONE IN EUROPE AT RAF FAIRFORD, UNITED KINGDOM, AND ONE IN THE PACIFIC, AT KADENA AIR BASE, JAPAN. THESE BASES WILL REQUIRE MINIMAL OPERATIONS, MAINTENANCE, AND SUPPORT FACILITIES.

F-22 ADVANCED TACTICAL FIGHTER

THE MILCON REQUIREMENT IN THIS PROGRAM WILL SUPPORT THE ENGINEERING AND MANUFACTURING DEVELOPMENT (EMD) PHASE OF THE F-22 PROGRAM AT EDWARDS AIR FORCE BASE, CA. THE FIRST F-22 EMD AIRCRAFT IS SCHEDULED FOR DELIVERY IN FY 1996. THIS PROJECT ONLY SUPPORTS THE DEVELOPMENT PHASE OF THE F-22.

UNMANNED AERIAL VEHICLE (UAV) BEDDOWN

THE HIGH-ALTITUDE ENDURANCE UNMANNED AERIAL VEHICLE IS NEEDED TO PROVIDE COMMANDERS THE FLEXIBILITY TO ACQUIRE NEAR-REAL TIME RECONNAISSANCE AT EXTENDED RANGES AND DURATION IN ALL-WEATHER, DAY/NIGHT, WIDE-AREA SURVEILLANCE IN ACTIVE THREAT ENVIRONMENTS AND IN EMERGING CRISIS AREAS IN SUPPORT OF MILITARY OPERATIONS. AFTER DEMONSTRATION OF TWO OF THE SYSTEMS, RESIDUAL UAVs WILL BE DISTRIBUTED AMONG THE SERVICES. OUR 1997 MILCON REQUEST SUPPORTS AIRCRAFT AT INDIAN SPRINGS AIR FORCE FIELD, NEVADA.

SPACE BASED INFRARED SYSTEM (SBIRS)

THE GOAL OF THE SBIRS PROGRAM IS TO CONSOLIDATE ALL SPACE BASED INFRARED SYSTEMS INTO ONE INTEGRATED ARCHITECTURE.

SBIRS REPLACES THE EXISTING DEFENSE SUPPORT PROGRAM PROVIDING EARLY WARNING AND ASSESSMENT. THE SBIRS WILL CONSIST OF A MISSION CONTROL STATION AND TWO UNMANNED RELAY GROUND STATIONS. IT WILL CONSOLIDATE THE DEFENSE SUPPORT PROGRAM FUNCTIONAL CAPABILITY AT THE MISSION CONTROL STATION AND ENABLE US TO CLOSE DOWN TWO MANNED OVERSEAS GROUND STATIONS. THE 1997 MILCON WILL SUPPORT THE MISSION CONTROL STATION, WHICH WILL BE LOCATED AT BUCKLEY AIR NATIONAL GUARD BASE, COLORADO. THE TWO UNMANNED RELAY STATIONS WILL BE LOCATED IN AUSTRALIA AND EUROPE.

**CURRENT MISSION:**

**TAKE CARE OF WHAT WE OWN**

THE AVERAGE AGE OF AIR FORCE FACILITIES AND INFRASTRUCTURE IS OVER 30 YEARS AND IN NEED OF REVITALIZATION. THIS IS THE BASIS FOR OUR CURRENT MISSION MILCON AND I BELIEVE A FEW OF THE AREAS IN WHICH YOU ARE MOST INTERESTED. OUR FY 1997 NON-QUALITY OF LIFE CURRENT MISSION PROGRAM IS 25% OF OUR TOTAL MILCON REQUEST. THESE PROJECTS RENOVATE AND REPLACE WORN OUT FACILITIES AND INFRASTRUCTURE SYSTEMS IN SUPPORT OF EXISTING MISSIONS ON OUR INSTALLATIONS. DURING THE BRAC PROCESS, WE DELIBERATELY DELAYED FUNDING FOR MOST OF THE CURRENT MISSION



MILCON (\$562 MILLION IN FY1993; \$348 MILLION IN FY 1994; AND \$39 MILLION IN FY 1995) WHILE WE AWAITED THE FINAL RESOLUTION OF CLOSURES. NOW THAT THE BRAC PROCESS IS BEHIND US, WE ARE LOOKING AT OUR REMAINING INSTALLATIONS AND ASSESSING THEIR UTILITY AND OTHER INFRASTRUCTURE SYSTEMS AND FACILITIES NEEDS. OUR INSTALLATION COMMANDERS ARE CHARGED WITH EVALUATING THEIR FACILITIES IN TERMS OF THEIR ABILITY TO SUPPORT THE MISSION AND QUANTIFYING THE COST TO RESTORE THEM TO FULL READINESS IN ACCORDANCE WITH THEIR MISSIONS. THE COMMANDERS' FACILITY ASSESSMENT ENABLES US TO PRIORITIZE OUR FACILITY REQUIREMENTS IN TERMS OF THE CONDITION OF THE FACILITY AND ITS IMPACT ON THE AIR FORCE MISSION.

IN ORDER TO EFFECTIVELY USE AVAILABLE RESOURCES TO CARE FOR WHAT WE OWN, WE CONTINUE TO LOOK FOR OPPORTUNITIES TO CONSOLIDATE FUNCTIONS IN RETAINED FACILITIES AND DEMOLISH EXCESS, UNECONOMICAL FACILITIES. CONSOLIDATING FUNCTIONS WHERE POSSIBLE AND PRACTICAL AND DEMOLISHING OLD, INEFFICIENT FACILITIES HELPS REDUCE INFRASTRUCTURE OPERATIONS AND MAINTENANCE (O&M) COSTS. OUR FY 1997 MILCON PROGRAM HAS SEVERAL CONSOLIDATION PROJECTS WITH ASSOCIATED DEMOLITION OF THE OLD FACILITIES THEY REPLACE. TO HELP WITH DEMOLITION OF

FACILITIES NOT TIED TO A MILCON PROJECT, WE DEDICATED \$40 MILLION OF THE \$151 MILLION FY 1996 CONGRESSIONAL O&M PLUS-UP. OUR MAJOR COMMANDS ARE ADDING ANOTHER \$17 MILLION FOR A TOTAL OF \$57 MILLION AGAINST AN \$83 MILLION FY 1996 DEMOLITION REQUIREMENT.

OUR FY 1997 CURRENT MISSION MILCON (NOT DEALING WITH QUALITY OF LIFE) IMPROVES SOME OF OUR EXISTING BASE INFRASTRUCTURE. THE CURRENT MISSION PROGRAM CONSISTS OF UTILITY PROJECTS AND RENOVATION PROJECTS FOR: AIRCRAFT HANGARS, SEVERAL FIRE STATIONS, SQUADRON OPERATIONS FACILITIES, CONTROL TOWERS, SUPPORT FACILITIES, A SECURITY POLICE OPERATIONS FACILITY, A LOGISTICS WAREHOUSE, A BASE OPERATIONS FACILITY, A COMBAT ARMS TRAINING FACILITY, AN AIRCRAFT MAINTENANCE FACILITY AND TO AN ENGINEERING AND RESEARCH FACILITY. THESE PROJECTS REPLACE OR UPGRADE EXISTING FACILITIES RATED UNSATISFACTORY BY THE INSTALLATION COMMANDERS.

#### **QUALITY OF LIFE**

THE DEPARTMENT OF THE AIR FORCE CONTINUES TO PLACE GREAT EMPHASIS ON SUPPORTING THE MEN AND WOMEN OF THE AIR FORCE TEAM. A COMPONENT OF THE AIR FORCE'S "PEOPLE FIRST" INITIATIVE INCLUDES PROVIDING QUALITY FACILITIES FOR OUR PEOPLE WHERE

THEY LIVE AND WORK. QUALITY OF LIFE PROJECTS, SUCH AS DORMITORIES AND COMMUNITY SUPPORT FACILITIES, CONSTITUTE 20% OF OUR FY 1997 PROGRAM. IN THESE TIMES OF DOWNSIZING AND REALIGNMENT, IT IS IMPORTANT THAT WE MAINTAIN A REASONABLE QUALITY OF LIFE FOR OUR SERVICE MEMBERS AND THEIR FAMILIES. ADEQUATE STANDARD OF LIVING IS A MAJOR CONTRIBUTOR IN RETAINING OUR MOST CAPABLE PEOPLE, WHICH IMPACTS READINESS.

THE NUMBER ONE CONCERN AMONG OUR AIRMEN IN UNACCOMPANIED PERSONNEL HOUSING CONTINUES TO BE PRIVACY. CURRENTLY, 80 % OF AIR FORCE DORMITORIES ARE CONFIGURED FOR TWO PEOPLE TO OCCUPY A ROOM AND FOR FOUR PEOPLE TO SHARE A BATHROOM. THIS CONFIGURATION IS APPLICABLE FOR THE FIRST FOUR ENLISTED GRADES. TWENTY PERCENT OF OUR DORMS ARE EVEN LESS PRIVATE, WITH MANY OF THESE STILL HAVING CENTRAL GANG LATRINES.

THE AIR FORCE IS COMMITTED TO PROVIDE AT LEAST A PRIVATE SLEEPING ROOM TO EVERY PERMANENT PARTY AIRMAN WE HOUSE. THE AIR FORCE LED IN THE DEVELOPMENT OF THE NEW DOD DORMITORY STANDARD OF PRIVATE SLEEPING ROOMS (WITH A BATHROOM SHARED BY TWO RESIDENTS), POPULARLY KNOWN AS THE "1 + 1." WE'VE LAID OUT A THREE-PART PROGRAM TO HELP US MEET THE NEW STANDARD.

OUR IMMEDIATE INVESTMENT WILL BE IN THOSE PERMANENT PARTY DORMITORIES STILL IN THE GANG LATRINE CONFIGURATION. THE AIR FORCE GOAL IS TO ELIMINATE THESE DORMITORIES BY THE YEAR 2000. NEXT, WE NEED TO BUILD TO SATISFY THE DORMITORY DEFICIT WHERE IT EXISTS. WE WILL THEN RENOVATE OR REPLACE THE EXISTING "2+2" DORMITORIES AS THEY REACH THE END OF THEIR EXPECTED LIFE. THIS IS AN AMBITIOUS PROGRAM, BUT ONE TO WHICH THE AIR FORCE LEADERSHIP IS FULLY COMMITTED. I'D LIKE TO THANK YOU FOR THE ADDITIONAL \$46 MILLION IN MILCON AND \$100 MILLION IN O&M YOU GAVE US IN THE FY 1996 PROGRAM FOR OUR DORMITORIES. OF THE \$100 MILLION, WE ALREADY HAVE \$36 MILLION UNDER CONTRACT. OUR GOAL IS TO AWARD THE REMAINING \$64 MILLION BY THE END OF THE MONTH.

#### **REINVEST OVERSEAS**

THE AIR FORCE OVERSEAS BASING AND FORCE STRUCTURE IS MORE STABLE AFTER YEARS OF BASE CLOSURES AND MAJOR FORCE REDUCTIONS. IN EUROPE, WE NOW HAVE SIX MAIN OPERATING BASES, DOWN FROM 16 BASES IN THE 1980'S. THERE ARE TWO IN GERMANY, ONE IN ITALY, TWO IN ENGLAND AND ONE IN TURKEY. IN THE PACIFIC, WE HAVE TWO BASES IN KOREA AND THREE IN JAPAN. NOW THAT THINGS ARE MORE STABLE, WE MUST PRUDENTLY REINVEST IN OUR OVERSEAS INSTALLATIONS. WE ARE ACTIVELY PURSUING NATO FUNDING, HOST



NATION FUNDING AND PAYMENT-IN-KIND; HOWEVER, THE NEED IS BIGGER THAN AVAILABLE BURDENSARING OPPORTUNITIES CAN SATISFY.

OUR 1997 PROGRAM FOR OUR EUROPEAN INSTALLATIONS INCLUDE SUPPORT FOR AN F-15E BEDDOWN AT RAF LAKENHEATH, DORMITORY PROJECTS, UTILITY PROJECTS, FIRE STATIONS, A PHYSICAL FITNESS CENTER, A BASE OPERATIONS, AND A TRANSIENT DORMITORY. IN THE PACIFIC, WE ARE CONSTRUCTING A DORMITORY AT OSAN AIR BASE, KOREA. ON ALL EUROPEAN PROJECTS, WE ARE SENDING A PRECAUTIONARY PREFINANCING STATEMENT TO THE NATO INFRASTRUCTURE COMMITTEES. THESE STATEMENTS WILL PERMIT RECOUPMENT FROM THE NATO INFRASTRUCTURE PROGRAM IF ELIGIBILITY FOR THESE TYPES OF FACILITIES IS SUBSEQUENTLY ESTABLISHED.

#### **ENVIRONMENTAL PROGRAMS**

AS RESPONSIBLE STEWARDS OF THE ENVIRONMENT, WE HAVE THE OBLIGATION TO ENSURE OUR OPERATIONS MEET ALL ENVIRONMENTAL REGULATIONS AND LAWS FROM HAZARDOUS TOXIC WASTE CLEANUP TO PROTECTION OF NATURAL AND CULTURAL RESOURCES. WE WILL CONTINUE TO FOSTER AN ENVIRONMENTAL ETHIC TO SUSTAIN

READINESS, BE A GOOD NEIGHBOR AND LEVERAGE OUR RESOURCES. TO THAT END, WE ARE PARTNERING WITH STATE AND FEDERAL REGULATORS, AS WELL AS LOCAL COMMUNITIES. THIS CLOSE RELATIONSHIP HELPS US: ESTABLISH SCHEDULES FOR CLEANUP COMMENSURATE WITH FUNDING LEVELS; FOCUS MORE RESOURCES ON ACTUAL CLEAN UP; RESPOND TO COMMUNITY ENVIRONMENTAL CONCERNS; AND, STILL MAINTAIN A HIGH LEVEL OF OPERATIONAL READINESS. THIS IS IMPORTANT NOT JUST FOR OUR PRESENT OPERATIONS BUT ALSO FOR OUR FUTURE.

OUR 1997 PROGRAM (5% OF OUR MILCON REQUEST) FOCUSES ON ENVIRONMENTAL PROJECTS FOR WASTEWATER AND STORMWATER COLLECTION AND TREATMENT SYSTEMS, AIR EMISSION CONTROL FACILITIES, UNDERGROUND STORAGE TANKS AND LANDFILL CLOSURES. WHILE SOLVING ENVIRONMENTAL PROBLEMS, MANY OF THESE PROJECTS CONTRIBUTE TO HELPING REBUILD THE INFRASTRUCTURE SYSTEMS OF OUR BASES, TOO!

#### **PLANNING AND DESIGN**

OUR REQUEST FOR FY 1997 PLANNING AND DESIGN FUNDS IS BASED ON WHAT IS REQUIRED TO COMPLETE DESIGN FOR THE FY 1998

CONSTRUCTION PROGRAM AND TO START DESIGN OF OUR FY 1999 PROJECTS.

**UNSPECIFIED MINOR CONSTRUCTION (P-341 FUNDS)**

WE HAVE REQUESTED UNSPECIFIED MINOR CONSTRUCTION FUNDS (P-341), WHICH PROVIDE THE AIR FORCE WITH ITS PRIMARY MEANS OF RESPONDING TO SMALL, UNFORESEEN MILCON REQUIREMENTS -- A CRITICAL NEED IN THE DYNAMICS OF THE AIR FORCE TODAY. THE RAPID RATE OF CHANGE TAKING PLACE IN THE AIR FORCE IS PUTTING A STRAIN ON THIS ACCOUNT. FROM FY 1990 THROUGH 1995, WE HAD TO REPROGRAM A TOTAL OF \$11.9 MILLION INTO THIS ACCOUNT TO FUND URGENT REQUIREMENTS. THE FY 1996 FUNDS ARE FULLY COMMITTED, AND WE MAY NEED TO REPROGRAM FUNDS TO KEEP UP WITH URGENT AND UNFORESEEN REQUIREMENTS.

**MILITARY FAMILY HOUSING**

THE AIR FORCE CONSIDERS HOUSING TO BE ONE OF ITS MOST IMPORTANT PROGRAMS. WE ARE CONVINCED THAT NO OTHER FACILITY PROGRAM INFLUENCES THE PERFORMANCE AND COMMITMENT OF OUR PEOPLE AS MUCH AS HAVING QUALITY HOMES FOR THEIR FAMILIES.

MAINTAINING THE QUALITY OF OUR FAMILY HOUSING PROGRAM IS EVEN MORE IMPORTANT AS THIS ERA OF BASE CLOSURES, AND FORCE REDUCTIONS, COMES TO A CLOSE. INCREASED OPERATIONAL TEMPO AND FAR MORE FREQUENT DEPLOYMENTS ARE MORE TAXING TO MILITARY FAMILIES THAN EVER BEFORE. IT IS IMPERATIVE THAT WE PROVIDE AIR FORCE PEOPLE THE SECURITY AND QUALITY OF LIFE THEY ARE ENTITLED TO FOR THEIR FAMILY LIVING QUARTERS.

DUE IN LARGE PART TO STRONG CONGRESSIONAL SUPPORT, OUR MILITARY FAMILY HOUSING INVESTMENT PROGRAM HAS BEEN SUSTAINED. NEVERTHELESS, THE AVERAGE AGE OF OUR FAMILY HOUSING INVENTORY IS 33 YEARS, AND OVER 60,000 OF OUR 114,000 HOUSING UNITS ARE NOT ADEQUATE.

WE ARE VERY HOPEFUL THAT YOUR RECENT AUTHORIZATION OF THE MILITARY HOUSING PRIVATIZATION INITIATIVE WILL ENABLE US TO ACCELERATE NEEDED REPLACEMENT AND IMPROVE OUR INVENTORY. THIS AUTHORITY WILL HELP US STRETCH APPROPRIATED FUNDS WITH PRIVATE CAPITAL AND MUCH MORE QUICKLY SATISFY OF OUR HOUSING NEEDS.



THE FY 1997 BUDGET REQUEST FOR FAMILY HOUSING INCLUDES REPLACEMENT OF OLD HOUSES, IMPROVEMENTS TO OUR EXISTING HOUSING INVENTORY, OPERATION AND MAINTENANCE FUNDS TO PROPERLY MANAGE OUR INVENTORY OF HOMES, AND A LIMITED NUMBER OF NEW HOMES. OVER 85% OF THESE NEW AND REVITALIZED HOMES ARE FOR FAMILIES OF ENLISTED PERSONNEL.

#### **HOUSING IMPROVEMENTS**

SINCE 1988, THE AIR FORCE HAS IMPROVED OVER 19,000 HOMES. UNDER THIS CONCEPT, OLDER HOMES HAVE BEEN UPGRADED. WORN-OUT BATHROOMS AND KITCHENS HAVE BEEN MODERNIZED, OBSOLETE UTILITY AND STRUCTURAL SYSTEMS HAVE BEEN REPLACED, ADDITIONAL LIVING SPACE HAS BEEN PROVIDED, WHILE SIMULTANEOUSLY ACCOMPLISHING ALL REQUIRED MAINTENANCE AND REPAIR. THE RESULT IS A VERY COST EFFECTIVE INVESTMENT IN EACH HOME THAT EXTENDS THE LIFE 25 BY YEARS. IN ADDITION, THE "WHOLE NEIGHBORHOOD" PROGRAM PROVIDES RECREATIONAL AREAS, LANDSCAPING, PLAYGROUNDS AND UTILITY SUPPORT SYSTEMS PROVIDING ATTRACTIVE AND FUNCTIONAL LIVING AREAS.

OUR FY 1997 IMPROVEMENT REQUEST REVITALIZES HOMES AT 17 BASES, IMPROVES A HOUSING SUPPORT FACILITY AND ACCOMPLISHES NEIGHBORHOOD IMPROVEMENTS.

#### **OPERATIONS, UTILITIES AND MAINTENANCE**

OUR FY 1997 REQUEST FOR FAMILY HOUSING OPERATIONS, UTILITIES AND MAINTENANCE IS NECESSARY TO OPERATE AND MAINTAIN THE NEARLY 114,000 HOMES IN THE AIR FORCE INVENTORY, REPRESENTING A REPLACEMENT VALUE OF \$12.5 BILLION. APPROXIMATELY 80% OF THIS REQUESTED FUNDING REPRESENTS THE AIR FORCE'S OBLIGATION FOR ITEMS SUCH AS UTILITIES AND REFUSE COLLECTION. THE REMAINING 20% IS APPLIED TO MAJOR MAINTENANCE CONTRACTS THAT FIX THE DETERIORATING INFRASTRUCTURE, SUCH AS REPAIRS TO ELECTRICAL DISTRIBUTION SYSTEMS, STREETS AND ROOFS.

#### **NEW CONSTRUCTION**

WE ARE REQUESTING FUNDS IN FY 1997 TO CONSTRUCT 738 REPLACEMENT HOUSES, 69 NEW HOUSES, AND REPLACE FIVE HOUSING SUPPORT FACILITIES.

THESE UNITS REPLACE HOMES THAT ARE NO LONGER ECONOMICAL TO IMPROVE. NEW FAMILY HOUSING CONSTRUCTION IS ONLY PLANNED

AT EGLIN AIRFIELD #9, FLORIDA, AND WHITEMAN AIR FORCE BASE,  
MISSOURI.

FINALLY, WE ARE REQUESTING FUNDS TO REPLACE FIVE BADLY  
DETERIORATED AND UNECONOMICAL-TO-OPERATE FAMILY HOUSING  
MANAGEMENT OFFICES AND SUPPORT FACILITIES. IT IS IMPORTANT TO  
PROVIDE GOOD QUALITY FACILITIES WHERE AIR FORCE FAMILY HOUSING  
SPECIALISTS CAN ASSIST AIR FORCE FAMILIES IN THEIR OFF-BASE  
HOUSING SEARCH AND THEIR HOME MAINTENANCE NEEDS.

OUR FY 1997 MILITARY FAMILY HOUSING BUDGET REQUEST  
REFLECTS OUR COMMITMENT TO PUT "PEOPLE FIRST" AND TO PROVIDE  
QUALITY HOMES FOR OUR FAMILIES. WE ASK FOR THE SUPPORT OF THE  
COMMITTEE IN APPROVING THE FULL REQUEST FOR OUR MILITARY  
FAMILY HOUSING PROGRAM.

### **CONCLUSION**

IN CONCLUSION, MR. CHAIRMAN, I WANT TO THANK THE  
COMMITTEE FOR ITS STRONG SUPPORT OF THE AIR FORCE MILITARY  
CONSTRUCTION PROGRAM AND THE BENEFITS THIS HAS PROVIDED TO  
THE AIR FORCE IN TERMS OF READINESS, RETENTION, RECRUITING,

REDUCED TRAINING COSTS AND THE QUALITY PERFORMANCE OF OUR PEOPLE.

THE FISCAL YEAR 1997 AIR FORCE MILITARY CONSTRUCTION SUBMISSION IS AN AFFORDABLE, THOUGH LEAN, INSTALLMENT ON THE COST OF OWNERSHIP OF A SMALLER AIR FORCE PLANT. WE, MORE THAN ANY OTHER SERVICE, RELY ON OUR BASES AS NOT ONLY A PLACE FOR PEOPLE TO WORK AND LIVE, BUT AS PLATFORMS FOR PROJECTING U.S. AIR AND SPACE POWER. THUS, THEY ARE THE FOUNDATION FOR AIR FORCE READINESS. I'M FIRMLY COMMITTED TO MAINTAINING THE QUALITY OF AIR FORCE FACILITIES AND INSTALLATIONS TO ENSURE THE AIR FORCE REMAINS READY AND ABLE TO DEFEND OUR NATION'S INTERESTS.

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. I WILL BE HAPPY TO ADDRESS ANY QUESTIONS YOU MAY HAVE AT THIS TIME.



Mr. HEFLEY. Thank you, General.

Mr. Montgomery.

Mr. MONTGOMERY. Thank you very much, Mr. Chairman.

I welcome our witnesses today. I want to thank you, Admiral Smith, for meeting with some civilians from my home, the Meridian Naval Air Station, who wanted to kind of get an update on, I guess, base closures and the future of the different bases. I appreciate that very much.

To General Miller, I mentioned this both to Secretary West and to General Reimer this morning that the Army has requested \$435 million in military construction for this next year but only \$8 million for the Army National Guard construction account. My colleagues are tired of me saying this, but the total force is working now. The Guard and Reserve are really a part of the actives, and we have seen that in Bosnia.

Eight million is really just not enough to even start a major construction project, and the Army National Guard are taking over more missions all the time. What can we do about this?

General MILLER. Sir, late last week and early this week, I had a conversation with the Army National Guard, General Navas. The situation we find ourselves in now, it is an issue of priorities and scarce resources. With the active component soldiers deploying about 138 days out of every year and OPTEMPO up about 300 percent, the priority was placed there.

My conversation with General Navas was to determine what his requirements are. He has a requirement for about \$400 million a year in military construction for the Guard, so we are taking a look at that right now to figure out how to fix this in the outyears. We plan to take care of it in the 9803 POM bill that we are working on right now.

Mr. MONTGOMERY. I certainly think it is very important as we continue on the total force.

I believe I am correct in this. This year's budget, Mr. Chairman, did it have any armories in this budget? I have kind of forgotten. I knew it did not start out with any. We did not get any new armories, I guess.

Mr. HEFLEY. No, we did not.

Mr. SAXTON. I just wanted to say, next year, we are going to do away with all the armories.

Mr. MONTGOMERY. They might fall in, with \$8 million.

Mr. HEFLEY. We did not, Mr. Montgomery.

Mr. MONTGOMERY. My point is, we closed the schools around the country, and we are closing a lot of them. That used to be the center of activity. Now these small communities, 5,000 or 6,000 people or less go to the armories, and that is where they have this center of activity and the training. I just hope we go back and look again at putting some armories around the country.

Let me wrap it up, Mr. Chairman, by mentioning to our other witnesses that in this past legislation, it is now law, that we just passed, by the recommendation of the Veterans Department that we make it easier for active-duty persons to own their own homes, there would be a pay-down that the Defense Department would, for the first 3 years of an active-duty person who bought a home off the base, that the Defense Department would pay, if it is 6 percent

interest, would pay 3 percent, drop it to 2 percent, then 1 percent. We have authorized \$10 million for that program. It is a test program, but it has to be implemented by the Secretary of Defense.

We are talking about building all this private housing. I think this is one area that we certainly ought to look into, if we can get an active-duty person and his family in a private house. The VA wants these loans. They wrote over here and asked us, stating that they would like to get some of these active-duty soldier loans from a rating of four up to O3's. After they live in the house, if they move to another base, they can sell their home, they can keep the home, or they can rent it.

It has a lot of merit to it, and what I guess I am getting around to is we are spending all this money on building more housing on base and privatizing and then we might close a base in the year 2005. I think it makes a lot of sense to look into this new test program. Does anyone have any comment on that?

General MILLER. Sir, as I understand it, there was no money appropriated in fiscal year 1996, but we support the program. Any time you can make a capital investment as a homeowner, we support it.

Mr. MONTGOMERY. It has been authorized, and I guess you could use the term "take it out of your own hide," to find the \$10 million out of several billion dollars of military construction. I wish we would look into it, anyway.

General MILLER. Yes, sir.

Mr. MONTGOMERY. Thank you.

Mr. HEFLEY. Thank you, Mr. Montgomery.

Before we get away from the issue you raised, I would like to ask General Miller, on the armory question, we had quite a discussion last year that there had been a tendency over the years not to put armories and those kind of things for the Guard and Reserve into the budget, knowing that we would take care of it here and you would not have to have it in your budget.

We tried to make it very clear last year that we wanted to stop operating that way, that if you thought they were important, we wanted them in your budget. You mentioned that there is quite a backlog in the National Guard in what they do want. I do not know if that is armories or if that is a lot of other things.

Can we safely make the assumption this year if you do not have any armory requests in your budget, that you do not think they are important and you do not want to put any armories in, because I am going to have a lot of people who come to me and say, "Oh, my election depends on getting that armory in my community." Can I honestly tell them that no, that the military, the Army does not want an armory there, that they do not think it is important? Is that safe for me to say?

General MILLER. No, sir, it is not. I think the armories are important. Just how important given the limited resources that we have and where do they fall in the priority list. I think the strategy, if I can say that, sir, that this committee would take care of it, that is why we are going back with the Guard and sitting down and saying, OK, here are the priorities and here is the fit and how much money do we have and how do we get well over a period of time.



Mr. HEFLEY. Do go back to them and do that, because we want to know what you think is important. If it does not show up on the priority list that we have to deal with, then we have to assume that it is not very important. Of course, the Senate is even stronger than we are on that. There was a push last year to have no adds at all and if there was an add of any kind over what the President requested, to lambast us in the press that it was pork, that all of this was pork. So it is kind of a different atmosphere up here now and I do not think the old way is going to work.

General MILLER. Yes, sir.

Mr. HEFLEY. We want to know what you think is important.

Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman.

I appreciate the witnesses' testimony, but I think it is very, very alarming. The shortfalls that every one of you have talked about are absolutely alarming. The things that strike me are essentially the things we are forcing our troops to do and that is, as General Miller pointed out, we are forcing them to use substandard facilities. That is a facility that is not even designed to do what we are forcing them to do with, which is going to take away from your quality, your readiness, and all of the other attributes of the investment we are making into the military. It really, really frightens me.

I have a unit, a facility at Tyndall Air Force Base that General Lupia knows about that is an AGE building. It is a facility, ancient facility, and everybody understands AGE is aviation ground equipment, that services all of these high-powered machines. The electrical wiring will not even sustain the testing equipment that is in the building. It will not even allow the oversized gear to get in. We cannot even maintain these things. We have to maintain them outside somewhere. You cannot change the wiring because there is asbestos in the building.

I could go down this whole list, because I asked them to give me a little check sheet on it. But this is just an example of across the board. I know all the other services are doing this. We have to address this more seriously, I think, Mr. Chairman, than even what they have said, in my view, because we are talking readiness here and you cannot tell me that people are going to be able to surge in a wartime circumstance using these kinds of facilities. You just cannot do it. You cannot maintain the machinery, in my view.

I am just saying that. There is no answer. These gentlemen cannot give us an answer to that. I think you have rightfully described the problems, but we have to do a little bit better job, I think, here and maybe a better job out here of prioritization as to what we are doing.

Then to the points that Sonny has made, I am familiar with Camp Blanding, a National Guard facility, a very, very important one in the State of Florida, that the facilities there are just absolutely, totally trash. There is no other way to put it. I think there is one building on the entire facility that is worth even keeping. We have just put some money in there just so we can get water and sewer to the facilities, because this is a World War I facility, I think. I am not even sure how far back it goes, but it is ancient. The kinds of moneys we need to use this total force is there.

Let me get to my final kicker here, and that is I am terribly upset that with all of the shortfalls that we have noted here, that we have allowed the escalation and inflation to cost us out of the housing business. It is a disgrace to me that we are paying double for what Joe Citizen would pay for the same facility off base, and we are building it on Federal property. Yet, as I noted in one of the other hearings, McDill, as you know, General, we have 56 units down there we were going to build at \$157,000 a copy. We cannot do that. We have to fix it. We cannot fix it 5 years from now. We have to fix it now.

I will buy into some pilot programs and maybe some innovations, but I would like to hear from you as to how you are looking at these barracks costs and base housing costs and how we can push up the savings, because even the DOD Under Secretary has agreed that there is at least a 35-percent add. I think it is more, but I will say it is 35. How do we save that 35-percent overcost? How do we do it earlier? Does anybody care to respond?

General MILLER. Sir, from an Army perspective, it is well known that the average house that I would build as the ACSIM would cost about \$130,000 and the land is free. That same house would cost me about \$100,000 if I built it off base.

We have done a number of things. We have borrowed from our Air Force partners in the parametric models to cut P&D costs. We have looked at a number of initiatives in cutting overhead and S&A costs and the Corps of Engineers. We have submitted some initiatives to cut some of the bureaucracy that ups the costs in the administration of contracts and so on.

But I think our current effort, which started with the business occupancy program, extends into this year with the capital of entry initiatives, and in the outyears in looking seriously at privatization, where it makes good business sense, and the fact that one size will not fit all in that process will allow us to more correctly address an escalating cost that should not be.

I am pretty sanguine about our approach and our tactics at this point in time; and sir, as you correctly articulate, the proof is in the pudding. We are going to have to show some results. But we have done a lot of things in a very short period of time to address that issue. I think key to the whole thing is being able to leverage our real estate in a way that we have never done before.

Mr. PETERSON. Does anybody else want to shoot at that?

General BRAATEN. Sir, using the authorities that Congress gave us in 1996, we have the Housing Revitalization Support Office that is for the Department of the Navy, for the Marine Corps specifically, is now looking at three of our installations where we have some projects already designed to use military construction to build family housing. They went out to Camp Pendleton. They are going to Hawaii next week, and they have been down to Albany.

They think that they will be able to build a much lesser cost, and then we would pay them back with a BAQ/VHA and they would do the maintenance, as well. They are going to brief General Reinke, the base commander of Camp Pendleton, on Friday morning. They will come back up then and brief General Brabham, my boss, and give us their look, but they think they are going to be able to cut the price nearly in half. So if that is successful in those two or



three sites, we will forward that to the rest where it makes economic sense to do so. Of course, it depends on the situation, but we think that is a big step in the right direction.

Mr. PETERSON. Good. I appreciate that.

Admiral SMITH. Sir, the Navy, like the other services, has a lot of pilot programs, as you mentioned, and you are exactly right. It does cost us more to build a family dwelling than it would out in town with a regular developer.

What we are finding as we go into these new systems and these differing ways of obtaining housing is that it is good to have the tools in the tool box but not all tools fit all applications. Kind of the direction I think you were going in initially was, if we could find one answer or a one-size-fits-all, we would do it. We would do it tomorrow morning at 8 o'clock. But what we are finding is that it is a more complex equation than that and it may almost be site specific, that the answer in Brunswick, ME, may not be the answer for San Diego.

Mr. PETERSON. And I agree. I am not looking for a silver bullet here. I am looking for genuine constructive movement into a cost savings, because I want to shift this. I want to save this money here and put it into the other facilities that you all have talked about a lot here today. That is the key in that process.

What alarms me is that I think one could take the next step, and I have just a little experience in this, one could probably find a similar savings in the other projects we are building on our bases, be it an AGE facility or whatever. It does not have to be a housing facility to have the inflation built in that we are talking about.

I think we have an acquisition problem. I think the major part of that is that we are not bringing these multiple bidders in. We are making it too complex. You are scaring people away and as a result you are not getting a competitive bid. You are getting the low bid, but you are not getting the competitive bid because these are guys specializing in base projects because they have broken the code. They have a whole LOF office and they have a whole CPA office, and they have all of this incredible company infrastructure that is built to attend to your needs that we have created, this monster, and I am asking you to cut the monster's head off.

General LUPIA. Congressman Peterson, I would like to assure that you that, along with my colleagues, we are taking some new initiatives in this area. On the 21st of February, we had 25 people from industry in at a workshop, including Pulte Homes, one of the three largest builders in our country, the National Association of Home Builders, representatives from Fannie Mae, financiers like Goldman Sachs, from big architectural engineering companies, laid the exact same question on the table with them and began a partnership to drive down our costs.

We have, in effect, hired the National Association of Home Builders to bring these people together with us to help us solve the very problem that you are talking about. We got some feedback that said to us that many of the people in the room did not do business with the Government because they just could not stand the regulation. As a matter of fact, one of the members of the group commented that if we could get our request for proposal down to 60 or 80 pages, they would be very happy.

So I think we are working to solve the very problem that you mentioned. They gave us some very good ideas about using requests for qualifications to define the developers who could pull these kinds of development efforts together. We had a very interesting speaker who was involved with the development of a \$38 million asset management project for the National Institutes of Health.

So I think we are making some progress. We have started in this area, but there is a lot of ground to still dig here.

Mr. PETERSON. Is this Air Force specific?

General LUPIA. The workshop was on the 21st. We did have, in fact, some of our colleagues from the other services there. We had a representative from the Housing Revitalization Support Office that was mentioned to you. Anything else we come up with, of course, we will share with our colleagues.

Mr. PETERSON. I appreciate that very much and that is encouraging, but we are forcing you to stretch your bucks and I think you are stretching them to the point where it is going to critically injure the other aspects of what we are trying to do for readiness. I appreciate your time.

Mr. HEFLEY. Mr. Peterson brings this up repeatedly, and he does this committee a service, I think, by bringing it up repeatedly. I am not sure that we are getting the answers on why. I am still foggy. Are there additional costs of Federal regulations that we put on you, Davis-Bacon and that kind of thing, or are they military specs that are required that you mentioned, General? Are they not really this much additional except that we are allocating the cost of bureaucracy with the Corps, as you mentioned, General? Is a percentage of their cost put into the cost of the housing?

It is hard for me to understand whether the housing is really more expensive because we do it on military bases. It should be considerably less expensive because you have ground there, as has been indicated by several of you. I do not really know where the problem is so that we can address that problem, but I think Mr. Peterson is absolutely correct. We have to address it if we are going to stretch the dollars and get the housing that we need.

It is almost like the \$500 ash tray and coffee pot syndrome that became so popular a few years ago. This is going to be the subject of a "Prime Time Live" investigation down the line, too, if we do not have very good explanations for this or else correct the problem.

Would any of you like to comment on that? Can you tell us where the problem is?

Admiral SMITH. Sir, I would have to say that we have all spent a lot of time trying to define exactly what that cost of doing business with the Federal Government, be it Navy, Army, Air Force, or Marines is, and the contractors, of course, would point to things like Davis-Bacon, say that there is a cost connected with that. There is a cost connected with our paperwork and just the way we do submittals and things and the actual physical contracting.

We have always been very sensitive about the number of bidders on our projects, as Mr. Peterson said. Are we really working with a bunch of captive contractors here who only do Navy work, say, or only do Army work and they do not compete in the private sec-



tor with the Ryland Homes and the Pulte Homes and people of that nature?

I think we have actually made a lot of progress over the years. I remember, as a young officer, building some of those houses that we are renovating in Mr. Abercrombie's district right now; and in those days, the housing specifications, because we did them all without a design-build, were about two-ring binders that thick. We do not have that many. They talked about what kind of nails you used to fasten down roofing material. I remember that because we got into a big flap with a contractor about it.

But I would tell you that those days are gone. Now we are using smaller specs, shorter specs. Progress has been made. I do not think we have come as far as we want to go yet. We all agree with Mr. Peterson, and we want to cut that monster's head off. We want it to be the way everyone else in the world does some business with some safeguards for husbanding the Federal funds that we administer, but it is a difficult process.

Mr. HEFLEY. We want to hear from you the answers that we can help you with here. Some of it can occur in your own bureaucracy, but how can we help you? What do we need to do to make changes that would help you cut that monster's head off?

Mr. McHugh.

Mr. MCHUGH. Thank you, Mr. Chairman.

Without beating this horse any further, I was just curious. General Miller, you said that you can build an average home on base for \$130,000. What do you get for that? What are we buying?

General MILLER. Sir, you are buying a single family dwelling normally with three bedrooms.

Mr. MCHUGH. How many square feet?

General MILLER. Sir, it varies on the rank of who you are building it for, anywhere from 1,200 to 2,100.

Mr. MCHUGH. But you are not paying the same \$130,000 for both.

General MILLER. No, sir. That is an average.

Mr. MCHUGH. An average, all right. General Miller, in your written statement, you talked about the Army having an excess of some facilities and a deficit of about 30 percent of facilities that you require to perform your duties. Generally, can you break those down? What do you have too much of, and what do you not have enough of?

General MILLER. Sir, we have about 170 million square feet of excess facilities, warehouses. They become excess also when they are on the BRAC list, so there are some family housing units in there. We have some things that are just in the wrong place.

Mr. MCHUGH. What is the deficit, the 30 percent?

General MILLER. The 30 percent would be broken out into about three major categories. First of all, Army family housing, which is about 46 percent that needs to be replaced. So in that 30-percent deficit, I would say it is probably split equally between family housing, admin logistics, and StratMob.

Mr. MCHUGH. Last, you spoke about the challenge you have with respect to historical property requirements. You mentioned Schofield Barracks, and I assume it is similar in other States. Are

we in this fix because of goodwill or because you actually have to obey those laws?

General MILLER. We have to obey those laws.

Mr. MCHUGH. You are subject?

General MILLER. Sir, the only way I know to avoid that is not to occupy the facilities.

Mr. MCHUGH. Even though it is on base and you are a U.S. military facility, you are subject to State law with respect to historical and environmental—

General MILLER. Yes, sir, State and Federal.

Mr. MCHUGH. We know about the Federal.

The chairman has mentioned our interest in continuing to work on this issue, and obviously as we look at the 1997 budget request, we see a whole bunch of challenges. One of the more disturbing, it seems to me, is that the maintenance accounts for family housing overall for all services is going to be reduced about 7 percent. The Army is leading the way with a huge percentage reduction, 17 percent. But the Air Force has an increase of 5 percent. What are you doing right or what are they doing wrong, other than Saxton has an Air Force Base?

General LUPIA. Sir, I am sure my colleagues have difficult problems to wrestle with, as well. We just have a very serious commitment on the part of the senior leadership of the Air Force to take care of the houses that we have, and so, in fact, we do have real growth, even after you subtract inflation, in this year's maintenance budget. It is just a matter that we want to dedicate the resource to that.

Mr. MCHUGH. I appreciate that. I do not want to simplify this problem for the other branches. Obviously, this is a very complex issue, and you just do not pull one thing out; but I have to tell you, it does not make the rest of you look too good. There is no nice way to do it.

When the Air Force can do 5 percent and everybody else is cutting back, we have to wonder how. In spite of all the nice rhetoric, and I sat here last year and heard it, too, and I was uplifted by it, the talk about your main concern is the men and women in uniform and quality of life. That is the right thing to say, but I do not see it in the budget. How would you explain that? Are their priorities different than yours, the Air Force?

General MILLER. Sir, the priorities are the same for the Army. Quality of life is extremely important, barracks, Army family housing, and StratMob, but a \$2-plus billion Bosnia bill, other requirements, trying to set those priorities and have a balanced program across the scope and breadth of what we have to do puts us in this position right here.

Mr. MCHUGH. So you are saying that family housing and maintenance is a bill-payer for Bosnia?

General MILLER. Sir, we have had to take attacks across all of our programs to pay for Bosnia right now.

Mr. MCHUGH. I appreciate that. Thank you.

Admiral SMITH. Sir, I would say that the Navy's budget, like everyone's budget, is about hard choices and difficult decisions. Our submit this year is not inconsistent with our President's budget submit last year in terms of the funding levels.



Our commitment to quality of life, I think, is well measured if you look at our MCON program, which is almost predominated by new barracks construction. To go back 5 to 10 years on these quality-of-life programs, if you were to look where family housing was 10 years ago and the increases we have shown over the last 10 years by its bachelor housing, I think we are starting to show more and more emphasis on the bachelor housing side now, too, to get it up to where the family housing level is, also.

So it is not only about trade-offs within a whole Navy budget, it is about trade-offs within quality of life for all our Navy people, bachelors and married.

Mr. ABERCROMBIE. Would you yield just for a moment?

Mr. MCHUGH. I would be happy to yield.

Mr. ABERCROMBIE. On that point, when you say to go back over the past 10 years, maybe it helps both Mr. McHugh and the chairman to get an answer here, a lot of that over-the-past-10-years improvement has been done in this committee and done on a bipartisan basis and done as what is considered by some uninformed in the press or those who wish us ill as add-ons, or as the chairman says, have been classified as "pork." Yet when we talk to people in the Armed Services whose business it is to see that this quality of life, facilities, maintenance, et cetera is done, it is far from it.

I pose to you then in the context of Mr. McHugh's observation and question, I think that we have a priority problem within the DOD. I will not say within each particular service. You run it right out to the edge of the envelope on acquisitions of exotic weaponry and all the rest of it, and then we are expected to come up with some solution on the housing end or the quality-of-life end for which we are then roundly criticized as taking care of our own, for example.

That is not so much an accusation but it is an observation, I think, which is demonstrably verifiable, that the committee has had to do the business where quality of life is concerned that the services themselves have failed to address adequately. I hope that does not sound too harsh, but I think it is true.

Mr. SAXTON. Would the gentleman from New York yield to me?

Mr. MCHUGH. I would be happy to yield to the gentleman.

Mr. SAXTON. I sympathize with the end result that the gentleman from Hawaii points out.

Mr. ABERCROMBIE. By the way, I am not reluctant to do it. I am happy to do it, but I think—

Mr. SAXTON. I think your criticism is misdirected. These gentlemen would love—that is their job, to provide quality-of-life assets for our military men and women. The fact of the matter is, this year, in this year's budget submission from this administration, they requested 18 percent less for these functions than we spent last year—18 percent less, one-fifth. How can they do their jobs when the President of the United States, who says "I care about these people," requests one-fifth less?

Mr. ABERCROMBIE. I will not dispute that with you at the present time because I do not want to get into an argument of misplaced priorities of where our spending is. I think in our acquisition side, when we are putting in for—just in the national missile defense alone, I think we could solve a lot of this.

You yielded to me and I just wanted to make the observation that I think we have to resolve this question. This is nothing personally directed toward you.

Mr. SAXTON. I hope we can resolve it. It makes my blood pressure go up, which you may have noticed.

Mr. ABERCROMBIE. I beg your pardon?

Mr. SAXTON. I said, I hope we do resolve it. It makes my blood pressure go up.

Mr. ABERCROMBIE. Yes. If I did not make clear enough that I was certainly not holding the gentlemen before us responsible for that, it is quite the opposite. I think what happens is that your requests do not—and the point I wanted to make was, I believe at the DOD, and the reference was to 10 years, when we have had Republican as well as Democratic Presidents, coming from the Department of Defense, I think the Department of Defense, those above you have relied on the Congress to try to come to grips with the problems you bring as opposed to trying to deal with it within the budgetary priorities that they have before they come to the Congress. That is the point I was trying to make. If I did not make it clearly enough, I apologize.

Mr. MCHUGH. Reclaiming my time, I think there is an important point to be made. Gentlemen, I do not want my comments to in any way be construed as a criticism of you individually or in any way to question the dedication that you have toward your fellow members of the U.S. Armed Services. But it is, as you just heard, a point of some consternation and a lot of frustration on behalf of this subcommittee, and I think the full committee, who are so concerned about these questions, as well, and yet it seems that year in and year out we are continuously dealing with them.

In many ways, as Congressman Saxton suggests, we are dealing with them even to a greater level this year than certainly last year, and we need to work together. I appreciate, Mr. Chairman, your forbearance in this exchange. I am just trying to help.

Mr. HEFLEY. The committee will stand in recess. We hate to hold you over, but we do have to go vote and I do not think we are through with the questioning yet. We will stand in recess and get back as quickly as we can.

[Recess.]

Mr. HEFLEY. Everybody who is anybody has returned, so the committee will come back to order. [Laughter.]

Mr. HEFLEY. Mr. Saxton.

Mr. SAXTON. Thank you. General Miller, I had the opportunity to chat with General Lupia the other day about a unique situation in New Jersey. We have, as you know, contiguous Air Force and Army bases at McGuire and Fort Dix, and Lakehurst is right next door, as well, so we are well represented. Incidentally, the Marine Corps has a small contingent now on Fort Dix, and we are pleased that they are there, too.

We have a unique situation. McGuire was realigned and was enlarged, in the simplest of terms, and there is a need for housing, as you know, I am sure, at McGuire. There is some excess housing at Fort Dix, and there is also some land at Fort Dix which has the infrastructure necessary to construct either privately or by the service, however it is decided to do it. We need to come to closure



on this one issue, which is the only outstanding issue that I can think of of significance relative to the 1993 or previous realignments.

I wonder, do you have any thoughts currently on how we can come to closure about that, or maybe what we need to do is just get together and talk about it. I am not quite sure. I just wanted to bring it up today.

General MILLER. Sir, I would much prefer to get together and talk about it, but as late as about 2½ weeks ago, my BRAC group was working that issue. There is a partnering effort with the Air Force to make some smart decisions there and also figure out how we want to proceed. It is on our plate for the 1993 BRAC, but sir, I would prefer to sit down and cover all the nits and grits with you.

Mr. SAXTON. Yes, sir. I would appreciate that.

General, do you know offhand what percentage of military construction is designated in this year's budget for Army Guard and Army Reserve? Do you have any idea?

General MILLER. No, sir, I do not. My guys are saying about 10 percent for the Guard and about 10 percent for the Reserve—I am sorry, ten percent combined for the Guard and the Reserve.

Mr. SAXTON. I was just curious, and I will not pursue this further. I was somewhat surprised. I was talking with General Navas the other day, and he surprised me. We were talking about numbers of people in the Army that are in the active service units and the number of people who are in the Guard and Reserve, and he told me that 52 percent of the total Army personnel is Guard and Reserve, and I had no idea it was that high.

I guess I should not be surprised because I think it is smart. The way we are moving, we are obviously relying more and more on the Guard and Reserve, which I think, to me, at least, means that we have to be cognizant of that in terms of military construction expenditures.

I wanted you to say how much we spend because it seems—and I understand it cannot be proportionate to the number of personnel, but at the same time, we do have to be cognizant of the needs of the Reserves if we are going to have a good Reserve that we can rely on, which we have to have. So I just wanted to make that point.

Mr. Chairman, thank you very much.

Mr. HEFLEY. Thank you, Mr. Saxton.

Since we do not have anyone else here, I will ask some of my questions now. The testimony that we had last year, we had an enormous amount of testimony about the lengthy buy-out periods required to take care of the substandard barracks and dormitory problem we had. For the Air Force, you are in the best shape. You had a 10-year backlog, I think. We had 15 years for the Navy, 23 years for the Army, and 41 years for the Marine Corps.

We did a lot of things last year to try to help take care of some of this. We put additional money in. RPM funds were used and all. What does that look like to you now, given what we did last year and the road we started on? Does that do anything to these estimates of the buy-out periods now? Did we do enough to begin to shorten those down as we had hoped to?

General LUPIA. Mr. Chairman, I would like to just mention to you about the Air Force dormitory program. We have 875 buildings in the Air Force that our young enlisted people live in. Of those, over 700 are already in a room/bathroom configuration, the standard that was commissioned by the Department of Defense in 1983. Of the remaining 175 buildings, we have funded either through prior year military construction programs or through the generosity of the Congress in the O&M program, the replacement now or renovation to a new privacy standard of 125 of those.

So we have 50 buildings left in the Air Force that our youngsters live in that are still in a gang latrine configuration, and as I mentioned in my opening comments, we hope that in the next 2 years in the money that we will be able to bring in our budget to buy out that requirement.

We then have just established a brand new policy in the Air Force in terms of who could be assigned or should be assigned to our dormitories. That will be all E-4's and below. E-5's and above, wherever possible, would be asked to live off-base. We are in the process of collecting up what the number would be to buy out the deficit, if there is one, to bed down E-1's through E-4's.

We predict that we will be able to do that shortly after the turn of the century, buy out the deficit. Then we would begin to convert our two-person rooms to one-person rooms, either through additional people who are allowed to live off-base and receive their allowance for quarters or actually physically renovating the buildings to convert them to a single occupancy standard. So we expect that we will be finished with this in the Air Force and be to where every airman has a private room around the year 2010 or so.

Mr. HEFLEY. OK. Navy.

Admiral SMITH. Mr. Chairman, we do appreciate the assistance last year of the committee and the Congress in this area. The Navy's program, as you correctly said, was about a 15-year backlog to buy out the program, based on something like \$120 million a year of new construction.

This year, I think when you see our program, you will realize that it is more than 50 percent more than that \$120 million-a-year figure, which helps us bring our backlog down more quickly. At the same time, the \$100 million extra dollars we were given last year for maintenance and repair of our barracks buildings is being spent against those barracks buildings and is helping to bring down the backlog there.

So although we are using new authorities that may enable us to leverage things with the private sector and get barracks buildings faster than we have before, I am confident that we will be able to beat that originally programmed date, and again, with the good help and assistance of this committee and others.

Mr. HEFLEY. The Marine Corps.

General BRAATEN. Sir, we also appreciate the help that Congress gave us. We were given \$22 million in maintenance of real property for the barracks. We put our own \$66 million into that. We have given it out to the bases, and we are seeing some good work out of that.

We are sort of the odd man out on the construction standard. DOD passed a new one-by-one room, which is one man per room



with a shared head. The Marine Corps, because of the number of inadequate spaces we have, 14,000-plus, we talked to the Commandant. He made a hard decision and said that he is going to continue to build a 2x0, which is an exemption that Secretary Perry had offered and the Secretary of the Navy has allowed us to continue on.

We are pushing to try and put between \$25 million to \$50 million into BEQ construction each year. We would like to build out that number of inadequate spaces. If we put in \$50, we can do it in 10 years. If we put in \$25, it will take us 20 years to get rid of those spaces. Then we will go after the ones who are living in the substandard three or four to a room. We think the one-by-one standard is good. We just cannot afford to do it quickly enough to take it to the Marines now.

We are also trying to do some extra work in that the MRP money and the money we put into the personnel support equipment, or the furnishings for the rooms—for example, in Hawaii, we have a self-help program where they are taking all the old furniture out, going in and painting and fixing up the inside, doing the kinds of things that make it look more like a home, the plumbing, the electrical, make it look good, then put in new furniture. So even though the outside of that building is not in great shape, the inside is going to add a real plus-up quality of life for the troops while we are doing our construction to replace the old ones, sir.

Mr. HEFLEY. General.

General MILLER. Sir, 60 percent of our MCA program is in barracks, but the plus-up in funds we got last year reduced our time line from about 25 to 23 years down to about 18, and that includes Korea and we are working hard on Europe. All new construction is to the one-plus-one standard, with the exception of Korea, and Korea has a land problem, so they requested a two-plus-two standard and that was granted.

In Europe, we are working with the host nation contribution in PIK, payment in kind, to make sure we know exactly how much we need to dedicate to Europe to bring them along with the CONUS bases.

We are not satisfied with our time line, but we think we have reduced it to the point that it balances our program with the funds we have available.

Mr. HEFLEY. That "with the funds we have available" is the tough thing, because the flip side of this, and I know I am risking Congressman Saxton's well-being physically by even mentioning this—

Mr. SAXTON. Do not get my blood pressure up again.

Mr. HEFLEY. But the flip side of that is when the President requests 18 percent less than last year, what does that do to you? On the one hand, you kind of get a running start on it from what we did last year, and then we are hitting you with less. All of you keep talking about the tremendous backlog. What does that do to you? Does that put us back in a 45-year timeframe if we do that? And if we do it 18 percent less this year, does that mean that next year it is OK to do another 18 percent less?

I share with you, Jim, the concern about all of the talk we had about priorities last year. We bought into that, bought into it wholeheartedly, and yet this year we get a mixed message.

Mr. SAXTON. If the gentleman would just yield on that point for a minute, let me just say why I think this is such an important issue. Perhaps to some who are not familiar with the lives of military folks, it takes on a little different meaning.

I live in the shadow of an airbase, and I think it is perhaps the same and maybe even exaggerated with the Navy and to maybe a lesser extent with the Army and the Marine Corps but maybe it is the same. I live with folks who fly missions with the Air Mobility Command. You have a family who are fortunate enough to live on base. First, they are surrounded with folks that they relate to because they are all in the military; and when dad goes away and leaves mom and the kids at home, they have a support structure around them.

For a time, there was an attempt by some in the Air Force to suggest that these families should go find a place to live in the community as far away from the base as 1 hour. We fought that because of the quality-of-life issues that were involved. Each time we collectively fail to do our job in providing the resources for family housing, it exaggerates that problem in terms of families being left at home, left behind without a support structure, living off base. Child care becomes a humongous problem. We take pretty good care of those issues like child care on bases; but if the family home is a half-an-hour or 45 minutes or even an hour from the base, how do mom and the kids get along when dad is gone, or vice-versa?

This is a really serious issue, not only in terms of the comfort of families, but it is a serious issue in terms of our ability to maintain a ready force for all the reasons that these gentlemen know.

So this is something that I know gets overlooked from time to time, and maybe the situation is even worse this year. I cannot remember anything approaching an 18-percent cut before. But this is something, and I am glad that I am here to be able to share this responsibility with you, Mr. Chairman and Mr. Abercrombie, because I think together we can do something about it.

Mr. HEFLEY. I certainly hope so. It is kind of the crab approach. Last year, we did family housing. The crab moved this way. This year, we are going to do troop housing instead of a concerted effort to move forward to solve the entire problem.

Let me ask you a couple or three questions about recapitalization and then I will go to Mr. Abercrombie. Testimony provided to the subcommittee last year indicated that the recapitalization rates for military facilities lagged far behind the private sector. Estimates provided the subcommittee ran the gamut from an 82-year cycle for the Army to 200 years for the Marine Corps. A reasonable private sector would be a recapitalization rate of 8 percent or 12.5 years.

Clearly, the rate of recapitalization for military infrastructure is of serious concern, given the lack of growth expected in the construction accounts. In the near term, it is obvious that the services cannot reach the 8 percent recapitalization rate. What is your target for improving the recapitalization rate over the fiscal year and beyond?



General MILLER. Sir, for Army family housing, our target rate is about 35 years. I do not see us being able to do that under the funding profile we see right now unless we privatize and harvest some fairly substantial savings in the process. Certainly, when you are on a 5-year cycle, it leads to maybe an unpredictable environment. So I think privatization is the key there, and it is up to us to prove that the economics say it makes sense.

For the rest of our facilities, we would like to be on about a 57-year cycle. Currently, we are on about a 72-year cycle. So as a result of this committee's plus-up in these various programs, we have made progress, but it has been slow and painful, but that is where we are right now.

Mr. HEFLEY. The Marine Corps.

General BRAATEN. Sir, we are probably still in the worst shape. Our goal is modest, to try and get to the 1-percent rate, which would replace each facility at 100 years. We are not there yet. If we invested all the money we are asking for in our program this year, we would still be at nearly the 200-year level. We have asked the base commanders to do another scrub, and they are doing that to aggressively demolish anything that we really do not need, to consolidate where possible, make sure we are taking care of the buildings that we need.

Then, as I have mentioned, we are working on a campaign plan to once again allow the Commandant to see what we need to build, and he is aware and he is very concerned about the facilities, but he just has not found within his budget yet the ability to put more into the military construction, sir. We are not in good shape on that.

Mr. HEFLEY. The Navy.

Admiral SMITH. Sir, we, like our sister services, are in a longer duration cycle here than we would like. Our current facilities replacement cycle is something over 110 years. Some Navy facilities, like dry docks, can last for a very long time. Most of what we have will not last near that long. We would like to more than halve that replacement cycle, which is not atypical of the public sector in how long they keep their facilities.

We need to recapitalize. We are not there yet. We need to go through the things of consolidation that we will have post-BRAC. We need to demolish whatever we can demolish. We need to regionalize. We need to be prepared to make some hard decisions as to what the future of the Navy will look like as we go forward and recapitalize our shore establishment.

Mr. HEFLEY. General.

General LUPIA. Sir, I always get a little bit worried about answering this question. We feel that we are on about a 24-year cycle in family housing right now with our Air Force budget; and thanks to the great assistance we have received from the Congress and some additional money last year, we have driven the family housing timeline down to about a 20-year cycle. We hope that through privatization efforts or anything else that we might be able to do to speed up the process that we could renovate a house top to bottom if it needed it on an even shorter than 20-year cycle.

On the remainder of our physical plant, we have about a \$200 billion plant in the Air Force. This year, in the resources that I am

responsible for, for real property maintenance and construction and such, we have close to \$6 billion. So we are at about 3 percent. That is \$6 billion out of what we call a blue Air Force budget that will be in 1997 a little bit below \$60 billion; and so it is a pretty healthy investment in our facilities, and we feel strongly about their direct connection to readiness and to the quality of life of our people and that is why we will continue to invest at that level.

Mr. HEFLEY. We talk a lot about the housing and quality of life, but what types of facilities other than this are suffering the most from our failure to invest what we should in our infrastructure? In the Air Force case, do you have hangar problems? Do you have runway problems? What is suffering the most because of this?

General LUPIA. Sir, this year, in our 1997 budget request that we brought to you, we have, I think, one area that stands out as a place where we do need to invest more and that is in the community support area. We are only able to bring in this year's budget one gymnasium or athletic facility, two dining halls, and one child development center. I believe in our budget that that is a shortcoming right now. When we devoted the amount of money we had to bedding down our missions and to the substantial investment, over \$250 million in current mission, the vast majority of that being quality of life, we have \$111 million in this year's budget for dormitories. When we got down to what we call community support facilities, we just came up short. So we do, in fact, I believe, have a shortcoming in that area.

Mr. HEFLEY. Navy.

Admiral SMITH. Sir, it is hard to give a one-line answer to what is really a very complex question, but I would have to say that if there is one set of facilities that we are most concerned about beyond what we have seen in quality of life, it would have to be our waterfront operational facilities.

We, of course, know that we will be in a waterfront business for a long time in the Navy, just as we will probably be in the runway and airfield business. Admiral Drennon, I believe, last year showed some wonderfully horrifying pictures of the piers at Norfolk to this committee; and I would assure you, because I was underneath those piers about a month ago, they do not look any better today than they did then. That is one of the reasons that we have this major emphasis in our maintenance and real property program as well as in the future in our MCON program.

Mr. HEFLEY. Do you lose some good waterfront facilities with the closures such as Charleston, for instance?

Admiral SMITH. Sir, the one-line answer to that is "yes."

Mr. HEFLEY. We may not save as much by losing Charleston as we thought in the long run. The reason I say that is I hated for the Navy to give up Charleston. It has been part of the Navy since we have had a Navy practically, and we can never replace it. That is one of those things, like large Army training facilities, that once you lose them, you lose them forever, and I thought that was a shame. I had no say in that, and obviously you did not, either.

The Marine Corps.

General BRAATEN. Sir, I would say for us, it is across the board. In the programs we have now, we try to balance and make sure that we are putting it where we need it, but the basic infrastruc-



ture, sewer system, road systems, buildings, hangars, houses, BEQ's, it is really pretty much across the board for us.

Mr. HEFLEY. If the recruits out there that you go to try to recruit to the Marine Corps heard this testimony today, they might decide to go somewhere else.

General BRAATEN. And that is why the Commandant has got us focusing on the single young Marines so they at least see something as they come in. Although it may be a two-room as opposed to one that the other services will have, we are going to make it the best two we can, sir.

Mr. HEFLEY. That is good, but in the long run, it has to affect recruitment and retention.

General BRAATEN. Yes, sir.

Mr. HEFLEY. The Army.

General MILLER. Sir, in my testimony, I said we are short about 30 percent of our facilities and that is kind of across the scope and breadth; but if I had to prioritize those, my number one concern today is infrastructure—sewer lines, water lines, electrical distribution systems—to be followed by motor pools and special maintenance facilities to protect the high-dollar-value equipment that we have and some of the more sophisticated maintenance techniques that are involved with it, then probably last, admin.

Some of our admin facilities were built in World War II. It is almost impossible to put the necessary conduit and communication infrastructure necessary to leverage all the good technology that is out there today that cuts FTE's and cuts overhead costs and so on. I think capital investments in those arenas would be great.

Mr. HEFLEY. Thank you.

Mr. Abercrombie.

Mr. ABERCROMBIE. Thank you very much, Mr. Chairman.

This morning, General Krulak was testifying, and while I was not there at the hearing, it was reported to me that he mentioned Kaneohe, and I believe the word he used was "appalling conditions" that he thought were there. That is an accurate reflection, I think, of what the situation is.

This committee, with the good support of its chairman and again on a bipartisan basis, has done several things. I am bringing this up in particular where the Marines are concerned for the moment, because am I not correct that General Krulak has made the decision to go to a two-plus-zero rather than one-plus-one because of the—I am going to call it a backlog. I do not know if that is really an appropriate word. That is kind of a benign word, for it must be 14,000 or more deficit. Is that correct?

General BRAATEN. Yes. We have a number of inadequate spaces of about 14,270, and we decided to go with the 2x0, which the Secretary of the Navy has approved the waiver for us.

Mr. ABERCROMBIE. Since I got in the Congress, I have been a supporter of privatization, leasing, all kinds of things. Now, it is not going to work in every area, I understand that. There are some communities where there is sufficient housing in the private sector and a relationship established over a period of time that it does not necessarily warrant it.

But we did five things, Mr. Chairman, if you do not mind me reciting them, and see if they covered all the bases. We have guaran-

tees both for loans and rental occupancy; we have conveyance or lease of existing property and facilities; differential payments to supplement service members, depending on the arrangement that is made; investments, both limited partnerships and stock bond ownership; and even direct loans.

I can tell you that there is ready in Hawaii and I presume there might be other places, as well, a consortium can be put together of banks who would loan, in other words, whatever we can handle in this committee, we will. I have all the confidence in the world in the chairman and that. I think his commitment has been more than just verbal. It has been made manifest in the kind of budget and authorization he brought forward.

But in addition to that, he was instrumental in pushing these various initiatives, private initiatives, which give us an enormous amount of leverage. Theoretically, we could get as much as 3-to-1 benefit out of it, I think, and that could vary. But my bottom line is this, and I am using Kaneohe as the example, General, that if we can go into the private sector, if we can get a consortium of banks, say in Hawaii, again using that as an example, to provide the funding, we can move ahead. We have the contractors right there, all the rest of it.

There is obviously a civilian benefit to that. There is a direct civilian benefit in Hawaii because you do not have armed services personnel and civilian families competing for the same nonexistent rental housing. The program we have had in place, again, on a bipartisan basis over the last 5 years, has actually resulted, I am sure you know, in a reduction for the first time in memory of rents in Hawaii, on Oahu. The drop in rental costs has been attributed publicly to the program, the vigorous program we have had.

So my question really is, what are the services doing to utilize these new tools that this committee and its chairman were instrumental in putting together last year?

General BRAATEN. Sir, I think I mentioned whilst you were not here that we had the HRSO now. We have made a visit to Camp Pendleton, and we will brief General Reinke tomorrow. The HRSO team goes to Hawaii on Sunday and what they do is they first take a look, they look at the market analysis, the existing one. They go in town and talk to developers, talk to bankers and say, what is it that you are willing to do for us? This is our need, this is the shortage, and they try to put together deals with the community.

Mr. ABERCROMBIE. Have them get in touch with me. I will give them the bankers' names right now.

General BRAATEN. Sir, I will do that, and that will save us some time. But they will be there next week, my housing manager and the HRSO, Mr. Meyer, sends his team out. So they will be there next week, and that is our great hope is that we will be able to find a way to multiply—

Mr. ABERCROMBIE. The land is the big thing out there. If you have the land, you have the cost coming right down, and it could not be more favorable now in terms of construction and we would work it out on a lease basis or whatever is appropriate.

I will not take more time—I am sorry.



General BRAATEN. I will ask them to contact your office before they go and get some names so they can actually make their trip more worthwhile, sir. I will do that.

Mr. ABERCROMBIE. Sure. I will be happy to do that, and anybody else. We are working—

General LUPIA. Sir, I might just add that the Air Force has identified 16 locations where we would very much like to use the new legislation for deals in military family housing. I might get off base here, but to the best of my knowledge, we cannot use this authority for dormitories or barracks, the privatization. I believe we do not have the authority to use that.

Mr. ABERCROMBIE. That is a separate issue. It is just for family housing. I understand that part, but can I just move to barracks for the rest of my points?

General Miller, I have the force readiness assessment report that I have been going through. I have also talked with USARPAC; the CINC USARPAC provided me with figures on the backlog of maintenance and repair requirements for nonfamily housing requirements and deferred maintenance requirements for the family housing. Is this figure correct, \$190 million?

General MILLER. Sir, that is probably close.

Mr. ABERCROMBIE. This is information as of January 31 that they sent it to me. They have as much as \$72 million in DMAR and \$50 million in BMAR in Hawaii alone.

General MILLER. Yes, sir.

Mr. ABERCROMBIE. We got the whole barracks renewal program underway at Schofield. That, we understand, and thanks to the good offices of the chairman, it was understood that this is probably going to be a 15-year program. We got started, and I think they must have set a record. I think when the authorization actually came forward, Mr. Chairman, I believe within 6 weeks ground was broken, and we were moving on the barracks renewal.

But I did not see anything in for this year. My inquiry is, is that because we could not spend the money that was authorized and appropriated last year so we are simply going over the next year, utilizing that in the next year? It is maybe something you cannot answer right now, but I need to get an answer on it. Am I making sense? Once you start down this road, you have to keep going because, among other things, the historic nature of Schofield Barracks, they need to bring the facilities up to standard, today's standards, and at the same time respect, at least in portions of the barracks, the December 7 attack and the historic side of it, which I think everybody wants to do.

General MILLER. Sir, we do not have anything in the 1997 program for Schofield, but I have talked to General Ord as late as last week at the Commanders Conference. We do have a project in 1998.

Mr. ABERCROMBIE. But is that because you will not be finished with what you started in 1996?

General MILLER. That is correct, sir.

Mr. ABERCROMBIE. So it is not that anything will be slowed down or stopped.

General MILLER. Nothing will get slowed down, sir.

Mr. ABERCROMBIE. So the spending that started in 1996 really will not need—the next phase will not come until 1998, is that the answer?

General MILLER. Our next phase is in 1998.

Mr. ABERCROMBIE. I see.

General MILLER. There are some five quadrangles there.

Mr. ABERCROMBIE. Yes.

General MILLER. It costs us about \$20,000 per space more to do those quads because of the historical nature. But General Ord has also volunteered to use Schofield as a candidate test site for privatization just as soon as we get through the 1997 period with Army family housing and that will require new legislation.

Mr. ABERCROMBIE. By the way, if you will just grant me a moment or two more, Mr. Chairman, when we say the historical nature, part of that means the age nature, not just history in terms of facade, but we mean the age of the buildings is such that you could not reconfigure inside the buildings living facilities that would conform to today's standards by any stretch of the imagination. Some of the buildings are over 70 years old, right?

General MILLER. Half were built prior to 1922.

Mr. ABERCROMBIE. The last comment I would like to make, Mr. Chairman, for its utility wherever it may be is—and by the way, let me assure you there is nothing against the Navy in this. It has some very fine individuals and a very fine organization with respect to building. But the Pacific Ocean Division of the Army Corps of Engineers is absolutely first rate, and when it comes to saving money in the sense of very tight controls over what happens and does not happen in terms of design, construction, all the rest of it, they have done a terrific job.

Now I understand there is to be a consolidation of some kind. I would like to see legislation that would allow for nine districts rather than eight because I think the Pacific is going to get more and more important in the century to come. But at a minimum, I do want to indicate to you that I do believe the Army Corps, to the degree the other elements of the Army Corps operate as well as the Pacific Ocean division does, that they must be one of the positive factors in keeping costs down rather than one that would add into it. I do not know if you are familiar with the operation in Hawaii—

General MILLER. Yes, sir, I am.

Mr. ABERCROMBIE [continuing]. But it is first rate, absolutely first rate.

General MILLER. It is a good operation.

Mr. ABERCROMBIE. I think that covers the points that I wanted to raise, Mr. Chairman, although I would like to emphasize to you that some consideration of perhaps a better utilization of the Army Corps might be in order. I know the Army Corps generally only gets publicity when they are having an argument over a seawall or something and somebody does not like what they are proposing, but the good things that they do, I think, are not necessarily highlighted, and I do not think I am exaggerating the resource that the Army Corps provides if we would take full advantage of it.

Mr. HEFLEY. Thank you, Mr. Abercrombie.

Mrs. Fowler.



Mrs. FOWLER. Thank you, Mr. Chairman.

I am sorry I missed your earlier testimony, but having conflicting meetings, I have been sitting here reading some of it and I will review all of it, so I do appreciate it.

I understand there has been a lot of discussion before I came today on the cost of military housing. We have been having a lot of discussions on alternative housing authorities, and I want to commend our chairman because he has really been a leader in this effort. I am anxious to see if we can move ahead with our alternative housing arrangements on as fast a basis as possible. It seems to me in an area like housing where there are many suppliers in the private sector, we can use our family housing and barracks money to maybe leverage a greater number of units.

I know you all are making progress in this regard, but I am wondering if you are satisfied. Are we moving as promptly as possible on this initiative? Is there some other further authority that, based on your early experiences with this, that we could give you that would assist you in this regard or anything we could do to work with you on it, because as I say, our chairman has certainly been a leader in this. I support him and want to make sure, because with such a need in our infrastructure requirements, anything we can do to help speed this up and leverage these dollars, I would appreciate any comments that you might have on this.

Admiral Smith, do you want to start off?

Admiral SMITH. Ma'am, I would say we thank you for these additional authorities. We are actively in the Navy pursuing a couple of them right now. As you may well know, we have partnership contracts using some of the leveraged authorities. Right now, ongoing, even as we speak, we are getting very close to awarding some projects in Everett, WA, as well as down in the Corpus Christi/Ingleside area.

We are very interested in these. We are pursuing these. We, of course, I think, and we have had discussions with your staff, are interested in getting similar authorities for barracks construction, as well, so we have more flexibility in leveraging our available MCON dollars to procure these facilities.

Mrs. FOWLER. And you think you have what you need except for doing the barracks? Other than that, you are comfortable with what authorities you have been given?

Admiral SMITH. Yes, ma'am.

General BRAATEN. I think we have, but from the Marine Corps point of view, we are just starting. The HRSO has done a Camp Pendleton visit. They have done an Albany visit. They are going to Hawaii next week. Perhaps after we get those started a little further, we will find there are one or two things we would like to have a little more ability to maneuver them, but we think it has given us what we are going to need. We are very excited about it, ma'am.

Again, I would echo probably BEQ's would be the next thing we want to look at in addition to family housing, because that is a big problem for all of us.

General MILLER. Yes, ma'am. Our time line says we want to start this year with the seven test projects we currently have under review, the largest being at Fort Carson, CO. We do not have all the legislation to do barracks now from an Army perspective. We

need to work that some more. But we also want the lessons learned off of the capital venture initiatives this year and then the test privatization efforts in 1997. We are looking at 1997-98 to incorporate barracks.

I have two big concerns, however. My biggest concern is no matter what we do as far as structure and management, soldiers, sailors, airmen, marines are going to have to pay rent, BAQ and BHA. In the plan as it is written right now, that money has to be appropriated, it has to be there, it ups the MPA account. There is a question about, if you pay everyone BAQ and BHA, is it now taxable? That is a lose-lose for the soldiers.

Those are my two big concerns. There is going to be a big spiked MPA. Our cost-benefit analysis for right now says that we can get the same level of service for about \$1.0 billion that we are currently appropriating \$1.3 billion for. So the savings are somewhere between \$200 and \$240 million a year, based on our analysis, and we still have a lot of work to do to confirm those numbers and so on.

But if we move that to the MPA account, there will be a big spike in the MPA account, and so that causes me some concern, being a neophyte in this business. But the second part that causes me a greater concern is the tax position that we place our soldiers and families in, because unless we solve that, we may take care of the soldiers on post, but I am concerned about the 23 percent out-of-pocket cost for soldiers off post. We need to get them closer together, because right now, we have "haves" and "have nots".

Mrs. FOWLER. That is a good point.

General Lupia.

General LUPIA. Ma'am, I would just say that we are very enthusiastic about the new legislation and the authorities that it gives us. As I mentioned, we have 16 pilot projects. I do not know that all of those will make, but we have a template that we apply now that came from the Housing Revitalization Support Office in the Department of Defense. We are applying that in each of those cases. We do a feasibility study and then build a business plan. We think a combination of the military construction program and the authorities we have in privatization will help us achieve the end goal. So we are very pleased with it.

Mrs. FOWLER. Thank you.

Thank you, Mr. Chairman.

Mr. HEFLEY. General Lupia, you talked about, what was it, E-4's and above that you are trying to move off post, off base?

General LUPIA. E-5's, sir.

Mr. HEFLEY. E-5's?

General LUPIA. E-5's. We would like to billet all E-4's and below on base.

Mr. HEFLEY. On the base?

General LUPIA. Yes, sir.

Mr. HEFLEY. I was wondering from the rest of you, do you have a policy like that, as well, and is there an opportunity here to move more people into community housing? I know location makes a terrific difference, depending on where you are and the availability of housing and the cost of it, but do your people at that level want



to live off the base facilities, or would they rather live on the facilities? What is the policy in your branches regarding this? Admiral.

Admiral SMITH. Sir, the Navy has no Navy-wide policy on who should be allowed to do it. As a general rule, E-6's and E-7's are allowed to draw a housing allowance and move off. Again, it varies in more remote locations. They would rather be on base than off base. Again, it varies with the local community.

Mr. HEFLEY. In a San Diego or someplace like that, where would they rather be?

Admiral SMITH. I think in those cases, even down to the younger service members who I think would like to get together with a lot of their friends and rent a place out in town, I think they would rather be out in the community. But I think there is some team building and some other reasons why we would like to have them in a barracks in a more structured environment for the younger people.

Mr. HEFLEY. General.

General BRAATEN. Sir, most of our staff NCO's or E-6's and above tend to live in town. The NCO's, E-4's and E-5's, it depends in part on what unit they are with. The infantry tend to want to be closer together. The aviation or other MOS's, it is not as big a deal. But we tend to try and keep all of our E-5's and below aboard the base. We have not looked at any maneuver to move them off yet. I think there is some benefit in having that slightly older NCO leadership with the young troops so they can kind of school them 24 hours a day, sir, but we will be glad to look at that if you would like us to, sir.

Mr. HEFLEY. I think that is something we ought to look at. General?

General MILLER. Sir, 65 percent of the Army is married and that number keeps going up almost every year. We house about 30 to 40 percent in our Army family housing assets. I think more and more as OPTEMPO stays high and we are deploying or are away from home 138-plus days out of every year, that a home is now a lot more than four walls and a floor and a ceiling. It is the community. It is being close to your contemporaries. It is being close to the support groups, as was articulated before, and so on. So I think the vast majority of our married folks would prefer to live on post.

Mr. HEFLEY. On post?

General MILLER. On post, yes, sir. Also, there is a 22 to 23 percent out-of-pocket cost in excess of BAQ and VHA that people who live off post are currently experiencing. An E-4 with two children living on post qualifies for food stamps. An E-4 living with two children, same unit, same squad, living off post does not qualify because BAQ and VHA are part of his pay. That is not fair to those two families.

As far as unaccompanied personnel, Army regulation states that if you are an E-7 or above, it is your discretion. You can live on base or you can live off base. E-6's and below are required to live on base or on post, and it takes an exception from the commander to allow them to live off base.

Mr. HEFLEY. I see. That is something we might want to think about. From a selfish standpoint, coming from a highly military community like I do, we love having you in the community, as

many of you as can live next door to us and participate in the United Way and the Boy Scouts and so forth within the community. So I think that is an aspect, too, as we change the face of the military in this country, that we seem to be doing, that needs to be part of the equation, not the major part but certainly part of the equation.

Are there any other questions from the committee at this point? If not, we will adjourn the committee and thank you very much for your testimony.

[Whereupon, at 4:02 p.m., the committee was adjourned.]





**MILITARY CONSTRUCTION BUDGET REQUEST FOR PROGRAMS OF THE SECRETARY OF DEFENSE, THE DEFENSE AGENCIES, AND THE ACTIVE AND RESERVE COMPONENTS OF THE DEPARTMENT OF THE ARMY**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE,  
*Washington, DC, Tuesday, March 19, 1996.*

The subcommittee met, pursuant to notice, at 1:43 p.m., in room 2118, Rayburn House Office Building, Hon. Joel Hefley (chairman of the subcommittee) presiding.

**OPENING STATEMENT OF HON. JOEL HEFLEY, A REPRESENTATIVE FROM COLORADO, CHAIRMAN, MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE**

Mr. HEFLEY. The committee will come to order. I first of all apologize for my tardiness. I hate to keep such distinguished people waiting, but every group in America is in the Capitol today, I think, or at least this week, and so I was a little tied up.

This afternoon, the Subcommittee on Military Installations and Facilities begins its more detailed examination of the fiscal year 1997 budget request for military construction, family housing, base closure and realignment programs of the Department of Defense. We will begin today with an overview of the budget request and a discussion of the programs of the Office of the Secretary of Defense and the defense agencies. Following that discussion, we will turn to the programs of the active and reserve components of the Department of the Army.

At the outset, I want to make a few observations. The 1997 budget request of \$9.1 billion is, in my judgment, seriously underfunded. The request is 14 percent less than the administration requested last year and 18 percent less than the program authorized by Congress. I understand that much of the overall reduction, nearly two-thirds, comes from a reduction in the base closure and realignment accounts, but it is telling that this budget is nearly 5 percent less than the administration planned to spend in 1997 when the budget was submitted last year. While there are some aspects of the administration's 1997 budget request that I think are helpful to solving our long-term infrastructure problems, I have some very serious concerns about the budget request overall. For example, I am pleased that the administration has committed itself to a serious barracks program this year. The request for barracks construction is nearly one-third more than was requested last year and nearly matches the funding that Congress ultimately provided in 1996.

However, on the other side of the quality of life effort, military family housing, I see disturbing signs of erosion. The budget request before the subcommittee would provide roughly \$355 million for new construction, a 21-percent reduction from that enacted in 1996. The administration proposes to build nearly 3,000 new units of housing, 30 percent fewer than Congress provided last year. The budget request would reduce our effort to improve existing housing by nearly 29 percent from the current program. Additionally, in spite of the critical backlog of maintenance and repair in military neighborhoods, this budget request cuts the maintenance accounts for family housing by 7 percent. Elsewhere in the budget request, funding for real property maintenance for the rest of our infrastructure has been cut and falls far short of an ongoing requirement. The administration's evident lack of interest in maintaining real property would allow our existing infrastructure to deteriorate, leading to a more expensive bill down the road. As we modernize military equipment and weapons systems, there is very little discussion of the beddown and other infrastructure requirements necessary to support modernization.

As I look at the out-year funding proposed by the administration, I have very serious questions whether facilities modernization can keep up with the broader modernization effort. It seems to me that the administration's budget proposal for military construction built within a Defense top line that is underfunded merely rearranges money in accounts. It is a classic "rob Peter to pay Paul" exercise. Last year, the emphasis was improving military family housing; this year, it is barracks. I suppose next year, it will be motor pools. In some areas, we are simply not making sufficient investment to prevent a further erosion in the quality of military facilities. That has implications for retention, training and readiness.

I look forward to the testimony of Secretary Bayer and the other panel of senior officials from the active and reserve components of the Department of the Army.

Mr. Ortiz, do you have comments?

**STATEMENT OF HON. SOLOMON P. ORTIZ, A REPRESENTATIVE FROM TEXAS, RANKING MINORITY MEMBER, MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE**

Mr. ORTIZ. Yes, sir; thank you, Mr. Chairman. I want to thank you for holding this hearing today, and I am pleased to join you in welcoming our witnesses before this subcommittee. Military construction is significantly important to our Nation's ability to have a ready and capable force. Mission support, quality of life projects, infrastructure revitalization, environmental compliance are key factors in ensuring that our forces are able to meet the many challenges facing our military today.

I am pleased to see the progress the department has made in beginning to implement the housing privatization authority that was provided by this subcommittee last year. I am optimistic that the expansion of public-private partnerships will provide the financial leverage we need to stretch our limited construction dollars and address a serious backlog in barracks, family housing, and facilities modernization.



My primary concern is that we protect the level of military construction funding in the outyears. Although I share the zeal for weapons modernization expressed by many of our Nation's military leaders, I do not believe that the military construction account should become the billpayer. If the top line of military construction funding is not maintained, then we will have failed at our mission to modernize facilities in a reasonable timeframe and to push for public-private partnerships to have fallen far short of the goal. We must not forget that facilities modernization is key to a ready and capable military force.

Also, I continue to be very interested in the funding for base closure and cleanup. The funds dedicated to this mission compose a very substantial portion of the department's military construction budget request. I look forward to hearing about the long-term savings expected from these actions and how the remaining funds will be utilized in the future to ensure a ready force and a modern infrastructure. Again, Mr. Chairman, I appreciate your holding this hearing today and look forward to hearing the first group of witnesses this afternoon.

Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you, Mr. Ortiz.

The first witness today is Mr. Robert Bayer, Deputy Assistant Secretary of Defense for Installations.

Mr. Secretary, you are becoming a familiar figure before this committee, and we appreciate the time and effort that you have given us, and we will turn it over to you now for any comments you would like to make.

#### **STATEMENT OF ROBERT E. BAYER, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INSTALLATIONS**

Mr. BAYER. Thank you, Mr. Chairman. I appreciate your welcome. I told Chairman Montgomery that I was just an old penny continuing to pop up here. I think I have figured out why it was you observed that everybody was coming to Capitol Hill this week. You have heard the old expression that there is no free lunch; well, obviously, that is not true, because I went down to the basement, and I found in fact that there was a free lunch. The vegetarians are holding a free lunch down in the basement of the Rayburn.

Mr. HEFLEY. I missed that, but since you told me what group it was, I am just as glad I did. [Laughter.]

Mr. BAYER. I would like to submit my prepared statement for the record and just make a few opening comments, if I might.

Mr. HEFLEY. Without objection.

Mr. BAYER. I wanted to address three major themes that I see coming out of the Department's request for this year: readiness, quality of life, and downsizing. Some of those have already been alluded to by you and Mr. Ortiz. One of the things I am seeing in the Department over the last year or so is that people are looking at installations a little bit differently than they have in the past. Frankly, in the past, I think that our facilities have been seen mostly as overhead, as something that you have to sort of have, but there probably is not a whole lot of value added from them. It is just one of the costs of doing business; the real business is the



fighting force, and they are off somewhere else and not being directly associated with the bases themselves.

The shift in perspective, I think, sees our remaining bases, now that we have downsized, to mission capability platform, places where we train and where we actually project our forces from. And that is a major change in mindset; and while I agree with you that many of the areas of the budget are not as much as people who have the functional responsibilities that you have in terms of oversight and that I have in looking at the military departments would like, I think that the leadership of the services are beginning to see the operational implications of our installations, not just the quality of life portion which we have talked about in the past and its connection to readiness and recruitment and retention but also from a combat capability, the ability to train efficiently, where we are spending tremendous sums of money, and also places in which we deploy our forces forward.

Thankfully, we are pretty much out of the business of actually having to fight a cold war or a general war from our bases themselves as the Air Force had planned to do for several decades. But nevertheless, our commanders are now realizing that the mission capability to actually deploy forces, whether it is piers or ammunition or rail sidings or pavements or fuel capability, all of those are integral to our actually deploying our forces and using them in the way to protect our national interest, which, after all, is the bottom-line business of the Department.

Having said that, I think that people are beginning to see bases as a business center, not just a place in which money can be mined for other purposes. And there are a lot of implications of that that we are only beginning to put our hands around, and I say that very advisedly, only beginning, because we have a long way to go. Like many elements of the Department, our costs of running our bases are not nearly as visible as they ought to be. And because of that, we are not in a position to make the kind of business decisions that we ought to be making. We do not have the right information. Quite honestly, as I go around and visit bases, what I am finding is local commanders are feeling that they are really shackled by just layer upon layer of regulations, guidance, whatever—all well-intended; some coming out of my office; some coming from the services; some embedded in legislation.

But the bottom line of it is that as a business manager trying to run the multimillion dollar business of our major installations, folks have neither the information nor the flexibility to really get the maximum value out of their dollar, and that is an area that we are beginning to look at in a very serious way to try to reengineer the way we do business at a base. It does not sound very spectacular; it talks to things like management philosophy; it talks to getting rid of some of our regulations. It also talks about information technology. But together, we hope that those elements will provide the local commander with the tools that he or she needs to get the best value out of what they are doing. And conversely, we need to provide incentives for them to make the right decisions, to take the kinds of business risks that would be taken in business. Unfortunately, that is not the way Government has run, but we are clearly moving—very incrementally, I admit—in that direction.

So the challenges in readiness from my point of view in addition to the issue of facilities themselves are how do we procure goods and services? How do we get the best value? As you well know, Dr. White has a major priority of his to rely more on the private sector for commercial services and goods. We have already had a lot of procurement reform relating to the procurement of goods when we can just as well do with a commercial product rather than going at it as a military product, but we have not gone so far as relates to services.

Streamlining management structures: Virtually every service has at least one base that is a prototype for a whole variety of different initiatives; just to name a few, Fort Knox, Fort Carson in the Army; Quantico, Jacksonville, Norfolk. All of those are places where the local commanders, with the assent and encouragement of their major claimants, are looking at things differently and, in fact, reengineeringing themselves from the bottom up. The role that I see our office playing is one of encouragement, learning from those lessons and trying to propagate them amongst the other services. You have probably visited Fort Carson enough during the time that General Schwartz was there that I am sure you are familiar with a number of the initiatives that he had going on while he was commander, and I think that is indicative of the kind of encouragement that General Reimer gave his commanders when he was commander of FORSCOM, and now, of course, he is the Chief of Staff of the Army. Similar things are going on in the other services to find better ways to do business. I think ultimately, they will show up in increased readiness and retain the kind of contingency responsiveness that our bases ultimately are designed for.

The second point I wanted to make revolved around quality of life. We had that hearing last week where we talked about military family housing, and I do not mean to reiterate all of those findings. But you know that about a year ago, a little over a year now, Dr. Perry committed almost \$3 billion over the 6-year financial plan to increased money for quality of life. And we looked at that very carefully this year. You observed that we made a conscious decision to put money into barracks this year instead of family housing. There was about a little over \$200 million of undesignated money, some of the quality of life money for this year, which amounts to about \$450 million a year, had already been committed, because they were mostly in personnel funds for quality of life programs or in buying down the out-of-pocket cost for military personnel living off base.

But there was about \$200 million, and we looked at that carefully as to how we would recommend to the Secretary that money be spent. The consensus of the services after looking at a whole range of quality of life issues, everything from child care centers, family advocacy, fitness centers—which does have a major quality of life implication—to the facilities portion, and the services as a whole all agreed that we ought to be putting that additional money into facilities. And the reason it was put into barracks, frankly, was that at that time, we had yet to receive the authorization for the authorities we have—but we had a pretty high confidence level they were coming. And we knew that at least in the first year or two, it was going to be very difficult to apply that kind of



leveraging for barracks. And so the decision was made that if we had extra money in the family housing area, we were likely to be able over this current year and next year to begin leveraging family housing money, but we were not in such a good position in terms of barracks. And that is the reason why that money was put into barracks, and we asked each service to look at their requirements and decide how much of their fair share would be put into maintenance versus military construction.

And I have to tell you that in the area of real property maintenance as a whole, you are absolutely right that we are not putting nearly enough money into maintenance and repair. One of the major concerns that we have is that we do not have real good visibility to once the money is authorized and appropriated in this huge O&M ocean that, in fact, that portion that was originally planned for facilities maintenance actually gets spent for that. Since we added a couple hundred million dollars—a fair amount of that is in maintenance—this year, one of the things we are doing is tracking that money, assuming that it gets authorized and appropriated, to make sure that that additional money that the Secretary added for that purpose actually gets spent for that purpose and does not get siphoned off for some other purpose.

There is a general—well, the word that comes to mind is myth, but I do not think that is really true; at least there is a belief that money tends to migrate out of real property maintenance and repair to other O&M-funded sources like training and civilian personnel and things of that nature. And in some cases, that happens, but there are enough other cases that suggest that money is migrating in the opposite direction from training into facilities repairs. One of the things I am encouraged by is that some of our operational leaders, in fact, are looking at training very carefully to see for particular units whether that last 3 or 5 percent of readiness, what does it cost, and how quickly could you achieve it? Do you need to have that last bit of training for every soldier or airman or sailor?

I think that is a step in the right direction, because those who have looked at that—and that is pretty countercultural—they have in fact been able to find money to migrate into their facilities, which is a step that is being encouraged in some quarters, and I think it needs to be looked at obviously very carefully, but it is raising questions that frankly have not been raised before, and I think that is a healthy sign.

Finally, I wanted to mention something about downsizing. I think it is fair to say that our overseas downsizing is over. We have basically reported to the Congress and to the appropriate host governments all of the facilities that we intend to draw down. We are down to about 100,000 personnel in Europe; we know where they are going to be. And frankly, I think it is safe to say that the quality of living and working conditions in Europe as opposed to Japan and Korea is pretty abysmal. They have some good facilities, but they have a lot of facilities that are not very good, and some of them are pretty terrible. The fact of the matter is that over this period of turbulence when we have been drawing down our European force, it has not been prudent to put a lot of money into facilities when you have not known how far you were going and where you were going to remain. But we are to that place now, and frank-

ly, the return of our investment in terms of either payments in kind or actual cash payments are going to be long and drawn out in their payment, and we do not have a good idea even how much we are going to get paid. So while we have a list of several hundred million dollars worth of projects, for instance, that we have submitted to the German Government, almost all of which would go to support the Army, the actual receipt of those facilities is unpredictable, and clearly, we need to move forward to fix the facilities and the conditions that people are living in.

I am particularly aware of the quality of housing for both our unaccompanied people and our families in Europe. One of my colleagues, who works in the family advocacy area, mentioned to me around Christmas time that this was the third Christmas in a row that Army families were going to be separated from their military members because they were deployed one place or another. That is not a situation that we had to experience during the cold war. It is something that we have now with our post-cold war mission requirements. I do not think it is going to change substantially. And so I encourage you to look very carefully at our overseas budget requests. I realize that there is no constituency for that, but the men and women who are serving us overseas are serving under pretty adverse circumstances, and I think they deserve what we can give them.

In terms of base closures, as you pointed out, the budget has gone down in large measure because we are now drawing down the base closure account. We asked for \$3.9 billion last year, and we appreciate your full funding of that. We still have some problems with the fact that we did not get our environmental restoration money transferred over. We are 4 for 4 on that. Hopefully, some day we will figure out a way to do that during the first year. But we are going to cope with that. After all, with almost a \$4 billion program, that sum was, I think, \$200 million or so, and we will make those adjustments.

But we are down \$1.4 billion in that request, and when we start looking at the metrics of success, the things that impress me when I talk to local communities that are working these issues is that from a service perspective, we are closing our installations about 50 percent faster than we were when we started in 1988. In 1988, frankly, no one knew how to close bases, because we had not closed any in so long. We are doing that faster. That means that we are saving money quicker, and that is to the good for the service. Frankly, while the communities initially might not think that is good, the experience has shown that in the long term, moving faster is actually better for them as well. And one of the metrics that we can point to in terms of communities getting jump-started quicker is that it used to take them about 2.5 years just to come up with a re-use plan. Now, it takes them a year. And we do not want them to go any faster than that; it takes us about that long to figure out what we need to maintain and all of the conditions.

But I think that the base closure program is a real success story. I notice there was an article in the paper just last week. The RAND Corp. did admittedly a small sampling of three California bases and found that the economic impact was not nearly what we had predicted. We had said all along that our predictions were



worst case. Fortunately, they were worst case. And with the creativity of the communities and with the help that the Department has been giving them, communities are recovering quickly.

When you look at this drawdown in macro, we are crossing the line this year between aggregate costs and aggregate savings, and that line goes up pretty quickly, in the neighborhood of \$5.5 billion or \$6 billion a year steady State savings by the end of this century. So I am pleased at that, and I really want to thank this committee and the Congress as a whole. For the last 3 or 4 years, you have continued to give us additional authorities to help communities with this re-use problem as we have understood it corporately better. And there were not many new authorities last year, but they were important; and they are going to make re-use that much easier, that much quicker for communities and help us to save money quicker. So all of those, I think, are steps in the right direction.

But downsizing includes more than just the infrastructure. It also includes squeezing more value for every dollar that we have. And that is where the authorities you gave us last year on housing come in; that is where contracting out of goods and services and acting more like a private-sector entity come in. I might mention the Forrestal Institute. You have not yet received from us our general provisions from the Office of Management and Budget, but I am aware that in the meantime, Congressman Hobson has introduced legislation to form a nonprofit corporation to help us with energy savings, and that is an area that I think has been underrecognized as a savings. We use a tremendous amount of energy. We have a Presidential mandate to reduce that, I believe, 30 percent by the year 2005. We are on a glide path to do that already. We have reduced by about 12.5 percent, and that translates to almost \$400 million a year. By the time we reach that goal, we will be saving very substantial sums of money.

The other part of the energy program, though, is also increased productivity. This is really hard to measure. But the fact of the matter is if you have modern facilities that are energy efficient, studies have shown that, in fact, the efficiency of the workers in those buildings increases. I just wrote a letter the other day to Admiral Straw, who heads the Defense Logistics Agency. They moved into a new building just about the first of October down at Fort Belvoir. And I have asked him—they were in old, World War II modified buildings out at Cameron Station, and I asked him to look at some of his indices of productivity in terms of sick leave, those sorts of things and see if this new modern building, in fact, had an impact among the productivity of his force. I will tell you episodically that as my people have talked to their staff, they say there is a marked change in just the attitude that comes across the telephone, because people are in modern, well-lit, well-ventilated and cooled facilities. So that is an area that is hard to measure but I think we can mine additional value from.

Finally, I guess I would like to say that we are looking at how to unshackle the base commander. There was a move several years ago to do this; it was called the Model Installation Program. At that time, the notion was, frankly, get rid of as many regulations as possible and see whether people can do things better. At that time, we did not understand just what kind of a financial bind we

were going to be in. We do understand that now, so while the program sounds a little bit the same way in terms of its objectives, the motivation is clearly behind that now to get more value for every dollar we are putting into the account.

That concludes my opening remarks. I am happy to be here to answer your questions.

[The prepared statement of Mr. Bayer follows:]

Hold Until Released  
By The Committee

**STATEMENT OF  
ROBERT E. BAYER  
DEPUTY ASSISTANT SECRETARY OF DEFENSE  
(INSTALLATIONS)**

**BEFORE  
THE  
SUBCOMMITTEE ON MILITARY INSTALLATIONS  
AND FACILITIES  
OF THE  
HOUSE COMMITTEE ON NATIONAL SECURITY**

**MARCH 19, 1996**

Hold Until Released  
By The Committee

Mr. Chairman and distinguished members of the Subcommittee, it is a pleasure to appear before you today to address the Department of Defense's FY 1997 installations and facilities programs.

Like many other aspects of the Department's activities, our practices in installations and in housing must reflect our changed circumstances. I believe they are beginning to do so, and welcome the opportunity this Committee has provided to report on our work.

### **Major Themes**

The budget I am presenting today addresses three major themes: Readiness, Quality of Life and Downsizing.

#### ***Improving Facility Readiness and Installation Management***

Installations and facilities are an important part of readiness. In this uncertain and dangerous world, the Department relies on its installations as a support capability for its war contingency, peacekeeping and humanitarian taskings, as well as a support platform for training, deployment and housing. Our goal is to enable installation commanders to effectively and efficiently meet all these readiness needs. To accomplish this, we've embarked on a long-term effort which will significantly change the Department's installation management culture. Application of business process improvements, data standardization, and systems that leverage technology will enable base-level staffs to be more responsive to their customers -- the soldiers, sailors, marines and airmen who perform our national security missions.

Facility readiness is also a key element in supporting defense missions themselves. Fluctuating funding trends in facilities help remind us of the importance of real property maintenance in protecting our investment in facilities. Real property maintenance, funded by the operations and maintenance account, directly impacts construction needs in the long run -- since deteriorated facilities will require replacement at an earlier age. We also know that poor facilities detract from the Services' ability to retain quality people and optimize their performance. Deteriorated facilities undermine our performance and can threaten the entire mission. If adequately resourced and carefully applied, maintenance and repair dollars can replace or delay capital improvements while still enhancing overall mission effectiveness.

For these reasons, your committee's support for our military construction budget request, and the RPM portion of our operations and maintenance request, are critical to meeting the needs of our service members who perform our defense missions world-wide.



### *Improving Housing and Quality of Life*

Secretary of Defense Perry recognizes the importance of housing as a key element in the Quality of Life for service members and their families. He clearly wants to protect the "walking investments" of our people in uniform, and he chartered the Quality of Life Task Force last year ... the Marsh Task Force ... with this in mind.

In its October 1995 report, the Task force recommended several ways the Department could improve the quality of life of our Service members. It endorsed the Department's legislative proposal to use private sector expertise and capital to speed improvements in our inadequate housing. Thanks to your committee's support, the Department has already received this legislation in FY 1996 under the Military Housing Privatization initiative. This legislation provides us the authority to use numerous tools such as rental guarantees, direct loans, leases, differential payments, and to enter into limited partnerships to revitalize our housing inventory.

We've embarked on the task of implementing the Task Force recommendations as well as the FY 1996 legislative authorities. We have a vision and strategy to effect change which I will cover in greater detail later in my statement.

### *Implementing Downsizing*

Our third area of emphasis is following through on installation downsizing decisions, both here in the United States and overseas, and especially those of the 1995 Base Realignment and Closure (BRAC) Commission. We recognized some time ago that some of our infrastructure would no longer fit our future missions and budgets. It is for these reasons that, with the assistance of Congress, a very large part of our effort has focused on the unpleasant, but essential process known as BRAC.

The BRAC process is viewed by both the civilian and military leadership as a primary means of ensuring we have both the right facilities and the resources for readiness and modernization. While the Department has made significant progress with BRAC, the domestic base structure continues to exceed our needs. The BRAC 95 Commission, which was the last authorized under Public Law 101-510, expressed the need for follow-on legislation to allow continued alignment of the base structure to the force structure. The Department agrees with the Commission's assessment that another BRAC Commission is needed and would like to work with the Congress on this important matter. Interim legislation is also needed to address modifications or clarifications to BRAC 95 or other BRAC recommendations that may arise due to changing circumstances.

### Overview of the Facility Budget Request

With these three themes in mind -- Readiness, Quality of Life and Downsizing -- let me summarize the Department's fiscal year 1997 budget proposal.

The fiscal year 1997 request totals \$9.1 billion, which is a \$1.6 billion decrease from the Departments FY 1996 request of \$10.7 billion and a decrease of \$2.1 billion from the fiscal year 1996 appropriation of \$11.2 billion. The request includes \$2.8 billion for regular military construction (including environmental compliance and NATO Security Investment), \$3.8 billion for Family Housing construction and operations, and \$2.5 billion for BRAC.

#### *Summary of the FY1997 Facility Budget Request* (\$ in Millions)

	Authorization	Authorization of Appropriation	Appropriation
Milcon, Army	434.7	434.7	434.7
Milcon, Navy	537.3	525.3	525.3
Milcon, Air Force	603.1	603.1	603.1
Milcon, Defense-Wide	640.2	812.9	812.9
Milcon, Reserve Components	200.8	194.1	194.1
NATO Security Investment Program	197.0	197.0	197.0
BRAC	2,751.4	2,507.5	2,507.5
Family Housing, Army	1,287.5	1,323.7	1,323.7
Family Housing, Navy	1,418.0	1,418.0	1,418.0
Family Housing, Air Force	1,060.7	1,060.7	1,060.7
Family Housing, Defense Wide	55.3	55.3	55.3
Total	9,186.0	9,132.3	9,132.3

Replacement or renovation of barracks is the largest single functional category within the military construction budget request and the repair and maintenance (RPM) portion of the O&M request. This reflects Secretary Perry's continuing five-year commitment to improving the quality of life for single military members which started in FY 1996. Additional barracks funding by Congress for FY 1996 increases both Milcon (by \$251 million) and RPM (by \$322 million). Secretary Perry's FY 1997 Quality of Life (QoL) initiative added \$201 million for barracks revitalization (Milcon \$131 million and RPM \$70 million).

In November, 1995, the Department established the new "1+1" standard for new, permanent barracks construction. This standard prescribes 11 square meters (118.4 sq ft) of net floor area for living and sleeping quarters, an increase from the 90 sq ft established in 1983 and the 110 sq ft standard which the Army has been using under a waiver. These quarters modules would include two individual living/sleeping rooms with closets, and a shared bath and a kitchenette service area. Each module will normally house two E1-E4 members or one member

E5 and above. Exceptions are provided so a Service can modify this arrangement where mission or overall conditions dictate. This standard is optional for barracks outside CONUS funded by other than the United States or constrained by site conditions. The Services will begin to phase in adoption of this standard with the FY 1996 program.

The fiscal year 1997 program also contains \$3.1 billion for operating and maintaining our approximately 359,000 family housing units, and \$734 million for constructing and improving family housing. In some cases, these funds would be for renovation; in others replacement, depending on which is more economical. Revitalizing family housing often involves actually reducing a base's total housing inventory while improving its quality. While we have a robust program to improve on-base housing for our service families, we continue to rely first on the local housing market, where about two-thirds of our families live. As part of Secretary Perry's quality of life initiative, a total of \$20 million was also added to continue funding joint public/private ventures in fiscal year 1997.

Our second largest functional category in the fiscal year 1997 program is operational facilities (53 projects for a total of \$421 million). This is consistent with our view that quality installations materially affect readiness. Army projects in this year's program include a pier at Concord, CA to increase West Coast ammunition loadout capacity, and a readiness deployment air facility at Ft. Lewis to enhance rapid air deployment. The Navy program includes dredging at Naval Air Station North Island needed to support homeporting nuclear carriers and a Special Operations Facility for an Advance SEAL Delivery System at Naval Station Ford Island. A major share of the Air Force operations investment is in beddown support for mobility airlift as well as combat aircraft, including the F-15E Squadron Operations Facility at Seymour Johnson AFB. The Defense Logistics Agency has several Hydrant Fuel projects such as at NAF El Centro.

For FY 1997, we have requested \$197 million for NATO. Both the Alliance strategy and the NATO Security Investment Program have undergone fundamental changes as a result of the collapse of the Warsaw Pact. NATO strategy has shifted from a forward deployed, static defensive posture, to one that is mobile, flexible and responsive to a wide range of contingencies, such as the mission in Bosnia-Herzegovina.

General George Joulwan, Commander in Chief, U.S. European Command, characterizes the NATO Security Investment Program as a successful burdensharing arrangement. Over the last few years, the U.S. has invested over \$1 billion in NATO while our allies have invested over \$3 billion. Our contributions come from the Military Construction Appropriations, but the funds are used not only for facilities, but also for vital Command and Control Systems that are currently in need of a major modernization and reorientation to support the new Alliance strategy. U.S. industry has received more than \$1.7 billion in NATO command and control equipment contracts and over \$100 million in military construction contracts during the same period from this program. The \$197 million requested in FY1997 for this program represents the minimum essential U.S. contribution. It will support both our strategic security and our economic interests in the European theater. I would also note that our drawdown in NATO is virtually complete and that it is now time to invest properly in the facilities we know we will be utilizing.

## **Improving Facility Readiness and Installation Management**

### ***Installations Vision***

With the announced domestic closures and overseas base returns, DoD's enduring installations are playing a much greater role in contributing to the Department's readiness and overall combat capability. As a result of Defense-downsizing, our installations are now inseparable from our combat forces. The emerging partnership between operating forces and their supporting installations gives rise to the concept of our installations as power projection platforms -- a more substantial role for these enduring installations. In order to support the Department's fighting forces at an acceptable level of readiness, our installations will have to enhance their capability. A "mission capable" installation is one that provides the highest level of combat support, quality of life, and cost effective services so our forces can carry out their missions successfully. Key performance characteristics of these installations include:

- promoting a quality working and living environment for the men, woman and children who reside and work on the base. This enhanced quality of life will also help us attract and retain the best people we can.
- providing well-maintained facilities, responsive support services and quality training in the most cost-effective manner possible. Adequately trained and prepared units require state-of-the-art ranges, simulators, and other training facilities to be a ready force.

DoD must revitalize its installation infrastructure by committing -- long-term -- to replacing its outmoded physical plant, to increasing the emphasis on timely application of maintenance resources, to adopting commercial business practices that result in more cost-effective base operations, and to demolishing facilities that are no longer needed.

### ***Energy Resource Management***

Energy resource management can not only help improve installations infrastructure, but also help reduce the budget. The Department spends about \$3 billion each year to heat, cool, light and provide direct mission support energy to our installations. That amount could be significantly reduced with more effective energy management, and continued prudent investments in energy production, conservation and transmission infrastructure.

Resources invested in energy management reduce costs and produce one of the highest returns on an investment dollar within the Department. Improvements in energy use and efficiency also lower operations and maintenance costs, prevent pollution, and improve quality of life and productivity. Dollars saved through these efforts are permanent and will be available to improve mission support into the future.

We have two centrally resourced and managed funding programs to accomplish installations conservation projects: the military construction funded Energy Conservation Investment Program (ECIP) and the operation and maintenance funded Federal Energy



Management Program (FEMP). The fiscal year 1997 ECIP request is again about \$50 million and we fully expect it to be as cost-effective as the previous programs. For example, the fiscal year 1995 ECIP program had an average expected payback of 3.4 years. The FEMP request is only \$120 million for this coming year. This is less than the \$235 million that we believe to be the minimum necessary to meet the requirements of the Energy Policy Act of 1992, but reflects the significant program reduction made by Congress in 1996 (an 85% reduction).

The Department's energy resource management program is a premiere example of the potential for improved governmental operations through innovation and reinvention. If we accomplish our energy reduction goals by 2005, we will achieve a annual cost avoidance of approximately \$1 billion. Associated annual savings in reduced O&M costs and pollution prevention savings are expected to be another \$1 billion and \$ 500 million respectively.

We are not able to quantify the savings due to increased personnel productivity at this time, but preliminary indications are that they will far exceed the cost savings from technical improvements. We will also see improved quality of life and heightened mission support readiness from improved energy support systems. We look forward to working with the Congress to make these potential savings a reality.

Although quantifying energy conservation is like trying to measure something that didn't happen -- the proof of the value of the program is actual pay back. We have some compelling results. In 1995, the Department's use of energy for buildings and facilities (measured on a per square foot basis) was 12.4% lower than the base year of 1985. This was in spite of the increased use of computers, faxes, copiers, etc. and our consolidation of people into less space. If you multiply that difference in energy use per square foot by the average unit cost of energy and the square feet we actually had in 1995, the energy conservation efforts of the Services and Agencies resulted in a utility cost avoidance of \$380 million in 1995.

We are attempting to identify the additional resources needed to meet the goals of the Energy Policy Act of 1992 and President Clinton's Executive Order 12902, which mandated a 30% reduction in energy consumption by 2005. We are exploring public/private partnerships to augment our appropriated funds and personnel resources, and have issued a policy to accelerate the use of energy performance contracts and private utility companies' energy services programs.

To further increase the potential for energy conservation, we need to directly access private sector expertise and resources. We are carefully examining the legislation that was recently introduced by Congressman Hobson that would authorize the formation of a Forrestal Institute. The concept is simple -- establish a not-for-profit, non-governmental entity whose sole mission would be to find and accomplish energy conservation and source development projects on Defense installations. Initial capital to set up the Institute would come from the FEMP and would be repaid from a percentage of the savings generated. Projects would be financed from currently available sources including appropriated funds and private sources such as energy savings performance contracts and utility company energy conservation programs. The Institute's board of directors would be appointed by the Secretary of Defense, with members recruited from the private sector based on their expertise and experience. The Institute would operate with private

business practices. Essentially, it would be free of government regulations which would otherwise make its activities unduly complicated and more costly to private offerors. The hope is that with improved project development efficiency, we will significantly accelerate conservation results and savings. This initiative comes from the energy community itself. It recognizes the opportunities in a rapidly deregulating energy market place and offers a prototype other Federal agencies are interested in adopting.

#### ***Privatization Initiatives***

Dr. White, the Deputy Secretary of Defense has emphasized the importance of mission readiness and privatization. The Department has embarked upon an concerted effort to evaluate those functions currently being performed by government that may be more efficiently provided by the private sector. The DoD is committed to evaluating, for possible privatization, those functions that are not tied to mission or determined to be inherently governmental. This renewed emphasis on privatization will be carefully monitored to ensure that all decisions to privatize are based on efficiencies and cost savings to the government.

### **Housing Improvements and Quality of Life**

#### ***Marsh Task Force on Quality Of Life -- Military Housing Recommendations***

The Quality of Life Task Force reported on three key quality of life elements important to the Armed Forces: housing, operations tempo, and community and family services. In the area of military housing, the Task Force recommended that the following three-stage strategy be implemented over a three year period to improve military housing.

Stage I: The Task Force recommends implementation of the new housing revitalization legislative authorities recently provided to us in the National Defense Authorization Act for FY 1996. I want to thank your committee and others in supporting this innovative approach. We have established a Housing Revitalization Support Office (HRSO) to implement the new authorities. Some of HRSO's current efforts include assessing the suitability of the authorities at some 40 initial sites, analyzing procurement approaches and beginning to execute projects using private capital. The HRSO will also monitor the results and report annually to the Secretary of Defense and Congress. You have given us the ball. We intend to run with it and provide solid, cost effective results in the coming months and years.

Stage II: The Task Force recommends that DoD focus on the review and revision of housing laws, policy, standards, regulations and funding. We have called together a joint OSD/Services working group to achieve these goals. The group has taken all of the Stage II issues and categorized them into three main building blocks:

- establishing adequate housing allowances for everyone
- improving the housing referral business
- revitalizing government housing

Stage III: The Task Force calls for the establishment of a Military Housing Authority to replace the current housing delivery system. The proposed housing authority would be empowered to use private housing industry management principles and practices, and to raise operating and investment money from private sources. We are currently considering how this recommendation, or something similar, could be implemented. I hope to report our progress in the near future.

#### ***Housing Revitalization Support Office***

In October 1995, the Department established a joint Housing Revitalization Support Office (HRSO) representing all Services and augmented with consultant support. The HRSO serves as a catalyst for our housing modernization efforts and uses consultant assistance to develop "best practices" and prototype deals. We're looking at deals for all Services and all markets and requirements. Our target is to have about 8-10 projects with up to 2,000 family housing units awarded within the next year.

HRSO has developed a site data collection protocol and a model to evaluate potential deals, and is working with the military departments to prioritize about 40 initial potential sites. Two projects have gone out for bid and the contract awards are pending. We expect it will take only twenty-one months from the time a site is identified until families are able to move into the new or renovated housing ... a significant improvement over the current Milcon process which can take more than 5 years.

The Department is pleased with the new authorities because they allow us to leverage Milcon dollars, to attract private capital and to provide decent housing to our military members more quickly. We anticipate a leverage factor of at least 3 to 1, which means housing problems that would take thirty years to fix using traditional procurement and funding practices may now take only ten years to fix, as long as we can maintain the current level of funding for housing revitalization.

#### **Downsizing**

The budget request contains \$2.5 billion for base closure activities. I have already described how critical these activities are to the Department. The four rounds of BRAC will save the taxpayers and the Department almost \$6 billion per year.

As I am sure you know, in making BRAC decisions, we did not include the environmental costs, since the Department must comply with environmental law whether a base is open or closed. While these costs are difficult to estimate, they total approximately \$4.2 billion for the first three BRAC rounds, and as much as \$2.1 billion for BRAC 95.

**BRAC Savings in \$ Billions**

The following table summarizes the financial impacts of the four BRAC rounds

	BRAC Actions	6 Year Costs <sup>1</sup>	6 Year Savings <sup>2</sup>	Recurring Annual Savings <sup>3</sup>
BRAC 88	145	\$ 1.8	\$ 2.4	\$0.7
BRAC 91	82	3.7	6.3	1.6
BRAC 93	175	6.3	7.5	2.0
BRAC 95	146	4.0	5.6	1.2
Total	548	\$15.8	\$21.8	\$5.5

- 1 Over the six-year statutory implementation period (excludes environmental costs)
- 2 Savings over the six-year implementation period (excludes land sale revenue)
- 3 Projected recurring annual savings starts for each round after the implementation period

As we all know, base closures and realignments require money up front. Our \$2.5 billion request is a lot of money, but full funding is critical. Without it, closure schedules cannot be met, BRAC savings will be delayed, and unbudgeted O&M costs will be incurred. Furthermore, communities that are depending on reuse of surplus properties for job creation will see those hopes frustrated and delayed because DoD relies on BRAC funds to accelerate cleanup and prepare for reuse. For all these reasons, we hope your Committee will fully support our BRAC funding request.

We have already learned the impact of insufficient BRAC funds. The December 1993 rescission of \$508 million in FY 1994 BRAC funds is still being felt by the Services, by the Department, and by many communities that had hoped for rapid job creation to replace those being lost. Last May's emergency supplemental further reduced the BRAC account by \$32 million. We cannot afford to repeat these decrements if we are to expeditiously pursue closure and reuse.

I know this Committee is concerned about BRAC obligation rates and that the Department is using BRAC funds wisely. I am pleased to report that this is an issue on which we have continued to work diligently with our Comptroller, and we have come a long way. In the beginning of the BRAC process, as one would expect for any new, multifunctional program, obligation rates were low. They are now much improved. As of the end of Fiscal Year 1995, we have obligated 99% (BRAC 88), 96% (BRAC 91) and 94% (BRAC 93) of all funds available in the respective BRAC accounts. Just as we learned to develop BRAC recommendations in a more thoughtful way, we also learned how to implement closure and realignment actions in a more efficient way. Further, we have continued to establish better and closer ties with the affected communities regarding the reuse of the base facilities.



### *Overseas Base Drawdown*

Our post Cold War overseas base drawdown is virtually complete. With the November 16, 1995, announcement by the Secretary of Defense, overseas sites returned or reduced now total 961 -- a 58 percent reduction in our facility infrastructure overseas; 63 percent in Europe. The Department has established the European theater enduring force structure at about 100,000 personnel. We now need to concentrate on the remaining enduring facilities; their contribution to readiness, operational capability, and quality of life; and their needs for facility modernization. These remaining overseas bases support forward deployed forces who protect our national security interests and often represent platforms for further deployments.

Overseas facilities remain essential to support our defense mission and it is imperative that we attend to the quality of life of our overseas forces and families. They have experienced a great deal of turbulence as the force and base structure have contracted. On top of that, our forward deployed forces are being further deployed much more frequently, adding additional stress to families left in foreign countries. We need your committee's support to repair, maintain and build the infrastructure that represents the front line in guaranteeing our national security. Compared to our installations in the U.S., our overseas bases are in much poorer condition, yet we are asking more of our military personnel and their families living abroad. It is time to remove the stigma surrounding overseas construction. We need to get on with providing quality living and working conditions for our people, regardless of where they are stationed.

### *Residual Value of Overseas Facilities*

As this Committee knows, the issues of when, how much, and in what form the U.S. government receives value for its excess overseas facilities has been the subject of continuing Congressional interest.

Our negotiators continue to press for compensation for the residual value of U.S. funded improvements on installations returned to the host nations. Since 1989, the Department has realized monetary compensation from host governments of about \$74 million, plus approximately \$265 million worth of construction to support our remaining forward deployed forces. On June 3, 1995, the Secretary approved a request by the U.S. Commander in Chief, European Command, to seek approximately \$350 million in additional residual value payment-in-kind compensation from the Government of Germany. At the same time, Congress was notified and provided with a complete listing and description of the projects encompassed in the proposal. To date, the Government of Germany has not responded to our proposal.

The Status of Forces Agreement with Germany recognizes that government's obligation to compensate us for U.S. funded improvements. However, that obligation is limited to sites *that have reuse capability*. Unfortunately, the U.S. holds no claim to the land and many of the returned facilities must be demolished prior to any economic reuse. For these reasons, our overall recovery of residual value is likely to be significantly less than earlier expectations. GAO, in its January 1996 report on "Overseas Installations: Efforts to Recoup the Residual Value of Closed Facilities" stated "... it may be unrealistic to expect DoD to recover amounts near the value of its

investment in the facilities being returned." In other words, *residual value cannot be a substitute for direct U.S. investment overseas.*

In a period of world-wide budgetary austerity, insistence on cash payment for residual value may be counter-productive. Recognizing this, Congress and the Department have authorized the use of payment-in-kind as an alternative reimbursement strategy if circumstances warrant. This allows the U.S. to achieve required overseas construction, major repairs, or base support without dramatically increasing direct U.S. costs. I believe that the dual strategies of pressing for the highest levels of repayment and flexibility in the form of that payment, will best serve our interest. We will continue to pursue these strategies energetically.

### **Defense Agencies FY 1997 Military Construction Budget**

I would like now to address the Defense Agencies' request (\$3.6 billion including \$2.5 billion for BRAC). I have summarized their requirements in the interest of time.

The Defense Agencies' request includes approximately \$50 million for energy conservation and \$327 million for medical facilities, \$205 million of which fully fund the medical projects authorized in prior years.

The medical projects include completion of the Portsmouth Naval Hospital, Virginia, the Fort Bragg hospital in North Carolina, and the Walter Reed Army Institute of Research in Maryland. In addition, approximately \$120 million of the total medical construction request supports life safety upgrades and other construction needs at various medical facilities. With the introduction of modern medical practice, regional management and cost control, we have gone a long way to reduce our medical capital costs. Dr. Stephen C. Joseph, Assistant Secretary of Defense for Health Affairs, deserves a great deal of credit for leading in this important effort.

The chemical demilitarization construction program is one of the larger Defense Agencies' facility requirements. Given the importance, sensitivity and cost of our chemical demilitarization program, it is now subject to periodic milestone review by the Defense Acquisition Board chaired by Dr. Kaminski, the Under Secretary of Defense for Acquisition and Technology. As a result, much of the chemical demilitarization program has undergone revision and time lines for construction have been improved. We have adjusted our request to coincide with the entire program's development.

As suggested by the committees, we are requesting incremental funding for these larger projects. Our FY 1997 program includes full authorization for Pueblo Army Depot, Colorado in the amount of \$179 million. However, our appropriations request for FY1997 is \$17.5 million, which is the executable amount for that year. For those projects previously authorized, we are requesting the next phase of funding at Umatilla Army Depot, Oregon, \$64 million; and for Pine Bluff Arsenal, Arkansas, \$46 million. For the total program, our FY 1997 appropriations request, including planning and design, is \$131 million. The Department is committed to meeting the

Congressionally mandated timelines for completion of destruction of chemical weapons and our military construction request is designed to support that requirement.

The Defense Logistics Agency's \$102 million program includes projects at one distribution depot (\$15.7 million in San Diego, California) and a roadway for an operations facility in Columbus, Ohio and 12 fuel support centers to repair or replace numerous hydrant fuel systems, fuel storage facilities and other fuel related requirements totaling \$86 million. Many of these facilities pose a serious environmental and operational threat due to unstable underground storage tanks and unsafe refueling areas.

The Defense Finance and Accounting Service (DFAS) has begun its consolidation to 21 operating locations. The FY 1997 request for \$93.3 million is needed to renovate facilities at eight operating locations (\$72.5 million) and \$20.8 million to fund phase II of the Columbus Center that was fully authorized in FY1996.

### **Fostering Exemplary Civilian-Military Relations**

Finally, as a result of BRAC, we have entered a new era in relationships between military installations and local communities. The reality of closing bases has made communities keenly aware of benefits to having nearby military bases, resulting in deeper, better understood civilian-military relations. I'm referring to enhanced relations or partnerships that extend beyond our normal contacts with local government leaders, the Chamber of Commerce, or civic organizations such as Rotary and Lions clubs. Some bases enjoyed these enhanced relations before the BRAC efforts started, but they were not necessarily wide spread. We are now beginning to observe a positive change from our contacts with community representatives, which we wholeheartedly endorse. Here are some examples.

Our Installations are operating more-and-more like a business in terms of partnering with other organizations for the mutual benefit of all. We have problems that we can't always solve ourselves. These problems include unplanned and unregulated growth that can encroach on a base's capability to accomplish its mission. Because communities want to retain the economic advantage of the base, comprehensive land-use plans have been jointly developed to assess the effect of land-use decisions on base operations. DoD's Office of Economic Adjustment has provided matching grants to communities to develop such plans with highly successful results.

Another example of benefits achieved from joint public/private efforts is the development of mutually beneficial energy conservation initiatives between innovative utility companies and those Defense installations which they serve. The Southern California Edison's ENVEST program, for example, is providing approximately \$32 million in energy efficiency improvement projects such as lighting and HVAC modernization. Together these initiatives will result in annual savings of \$5.6 million. The company is profiting from its work in accomplishing the savings and by building a better relationship with some of its customers. The Department is working with the Edison Electric Institute to develop a process to expand such partnerships during and after the ongoing electrical industry restructuring.

My goal is to continue to foster partnering between installations and communities through our installations policies and programs. I intend to encourage these relationships through our Installation Commanders Conferences and through professional and community organizations such as the International City Management Association. I know we've just begun to tap the potential benefits for both the Defense Department and local communities. I would appreciate your support and creative suggestions in this area.

#### **Conclusion**

In closing, Mr. Chairman, I would like to thank you and the Committee members for providing me this opportunity to describe our program. I hope it will receive your strong support and I am ready to provide whatever details that you may need.



Mr. HEFLEY. Thank you, Mr. Secretary.

Mr. Ortiz.

Mr. ORTIZ. Mr. Secretary, as I mentioned in my opening statement, we have provided public-private partnerships authority in order to stretch military construction dollars, to speed facilities modernization, and improve our housing backlog. I am concerned that the planned reductions in the military construction budget will prevent the services from keeping up with facilities modernization and recapitalization. What assurances can you give this subcommittee regarding the Department's commitment to accelerated action to address our barracks and family housing backlog as well as the need to recapitalize the facilities?

And, you know, when we look at getting new weapons—and I am all for new technology—but if we do not provide our military families with good housing, I am afraid that we will not have the adequate manpower, the intelligent manpower to man that modern equipment. So what can we expect?

Mr. BAYER. Well, you asked me a similar question the other day, and having talked to your staff, I think perhaps my response was a little misunderstood, so I am glad you raised it again. As I said, we are not in a place to guarantee what our successors are going to commit to any part of the military budget. We do not know what the top line is going to be, particularly if we move into a balanced budget regime. Clearly, everyone is looking for less money overall than more money.

If you look at the facilities portion of the budget from, say, our high in 1985, when our forces were the greatest and the budget began to go down at that point, almost every way you can measure it, that is, you can measure it as a military facilities portion of the budget, as a portion of all of the money in the military budget; you can look at it as a portion of how the force has drawn down. Any way you try to relate our funding in the construction and facilities area to the direction the Department has gone in, you find that our funding has dropped more than any of these other indices. So there is not any doubt about it that we are getting less of our share, so to speak, than would otherwise be the case. That is what makes these privatization initiatives so awfully important.

Over the years, when I was working on the Hill in this area, my kind of walking around number was \$10 billion a year for the military construction program. And I did not inflate it; it just seemed to be always around \$10 billion. Well, when I looked back just in the last couple of years, I noted in 1995, it was \$8.8 billion. In 1996, we went up to \$10.7 billion as what we requested, and you plussed us up by about a half a billion dollars; and now, we are coming in with \$9.1 billion. So clearly, we are kind of jumping all over the place, but we are not staying at that \$10 billion level.

One of the issues, of course, is a lot of money has been siphoned off for the BRAC program. A portion of that is for what would normally be funded by military construction. And while we are walking away from some modern facilities where we are closing, we are also building a lot of modern facilities and getting rid of a lot of outmoded facilities, so there is a modernization portion within BRAC, but there is a lot of other money that is being spent for environmental restoration or other purposes like that.

The best I can tell you is the leadership is committed to a level of effort, particularly in the quality of life area, and we are not going to mine money out of that for other purposes. But the overall dollar number is not necessarily going to remain the same.

Mr. ORTIZ. Thank you; my time ran out.

Mr. BAYER. I am sorry.

Mr. ORTIZ. Thank you very much.

Mr. HEFLEY. Mr. Secretary, let me just ask a couple or three quick questions, and then, we will go to the other members. When you are talking about upgrading the barracks, are you using the standard barracks plan that we talked about a year ago that had not been adopted by everybody.

Mr. BAYER. Yes, Mr. Chairman. I do not know what the percentage is, but it is very substantial. Let me give you a number for the record, but I think in my head, it is coming around 70 percent of our barracks projects in this year's budget are to that new standard, and the others are not because there are certain waivers that the services can use.

[The following information was submitted for the record:]

#### USE OF STANDARD BARRACKS DESIGN

Dormitory style barracks to be constructed, replaced and modernized are intended to accommodate 8,347 members. Standard 1+1 design projects will accommodate 5,912 of those, or 71%. The FY 1997 budget request includes 36 barracks projects. Of this total, 29 are being designed to the new 1+1 standard. These data exclude transient, recruit, and open bay housing.

Mr. HEFLEY. Also—and I like your idea of encouraging the commanders to take some business risks—but the nature of the military hierarchy and structure is a little different than business, I am afraid. Maybe you can comment on that in that in business, a guy takes a business risk. He designs an Edsel, and it does not sell very well, so next year, they design a Mustang, and it sells great. But in the military, the guy who designs the Edsel is going to get that in his record, and he is probably not going anywhere else. So what motivation is there for these guys to take business risks when they know they are not allowed to fail? Or am I wrong about that?

Mr. BAYER. Well, I think that is the kind of cultural shift that we need.

Mr. HEFLEY. Me, too.

Mr. BAYER. That is the kind of cultural shift I am beginning to see in some of the folks who are leading the services today. And I would mention General Reimer in particular, because I know of specific examples where he encouraged his commanders to take those very risks.

Mr. ABERCROMBIE. Mr. Chairman, would you yield? Would you yield a moment?

Mr. HEFLEY. I would be glad to yield.

Mr. ABERCROMBIE. Is the phrase "cultural shift" going to appear in the record that the chairman was referring to?

Mr. BAYER. Is it going to appear in the record?

Mr. ABERCROMBIE. Yes; the chairman asked a good question. You said this was a part of a cultural shift.

Mr. BAYER. Yes.



Mr. ABERCROMBIE. I just wondered when that commander takes that risk, is that what you are recommending? When it does not work out, you put cultural shift?

Mr. BAYER. No, but I think commanders ought to be encouraged to take risks, and part of taking risks is failure.

Mr. ABERCROMBIE. OK; I just want it on the record that we know what we are saying here. I mean, if you mean it, we will go ahead with it.

Mr. Chairman, I did not mean to interrupt so much, but I heard cultural shift, and that caused trepidation in my heartbeat. [Laughter.]

Mr. HEFLEY. Well, I like the idea of what you are trying to get at. I do not know if I am as encouraged as you are that in our lifetime we are going to see that cultural shift to the point that commanders feel comfortable in that role. Now, a guy like General Reimer, for instance, has taken some of those risks over the years, and he has risen to the very pinnacle of his career. So I guess that proves it can happen. But part of a risk taker's lot is to win some and lose some; and if every time you lose some, you get that black mark against you so that you do not make it in the next promotion round, that is tough. And I do not know whether you are going to get through that or not.

If you had, Mr. Secretary, additional funds, you know, many of us feel that we are cutting too fast and too deep. But you have got to work within a finite-sized pie, and you get priorities based upon the size of that pie. But if you did not have that restriction, if you had additional funds, where would you like to put some resources?

Mr. BAYER. I think that were we to have additional funds, the place that really needs the most attention is our overseas bases, and particularly in Europe. We have fairly good burdensharing arrangements in Japan for sure; Korea more of a mixed case. But our European bases, what we are asking of those people and the conditions that they are finding themselves in are pretty abysmal.

Mr. HEFLEY. Thank you.

Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Under your budget, Bob, I think you are asking for \$1 billion additional to move ahead with more base closures; is that correct?

Mr. BAYER. The total for base closures is \$2.5 billion.

Mr. MONTGOMERY. For this next fiscal year?

Mr. BAYER. That is right, and that includes the 1991, 1993, and 1995 requirements.

Mr. MONTGOMERY. Well, the Army National Guard has got about 30 to 40 percent of all of the missions of the Army now counting combat support and the combat arm. You got another \$2 billion to close more bases, and it is kind of ridiculous. The Army National Guard for military construction under your budget is getting \$8 million—not \$8 billion; \$8 million. And they have got the force structure changes; they have got the off-site agreement. You said yourself that better facilities make the forces do a better job. So you have got to help us on this. This is totally not in sync, and I would like to have your comments on it.

Mr. BAYER. Well, I am going to defer some detailed comment to our friends who are in the next panel, because they work that

issue. But I guess I would like to comment on the overall National Guard funding stream, because I look backward to 1989, and it is clear that we have not had a rational program. The amount of money that has been programmed from the department varies from \$138 million in 1989 to, as you pointed out, \$8 million this year. Congress added—I guess the low was in 1989 of about \$90 million. The high was \$250 million in 1994. So it has been very erratic, and quite honestly, I do not think we get the best priorities when we operate in that way. So I have a feeling that like so many things in the relationship between Congress and the department, there becomes a vicious cycle. The Departments do not ask for overseas construction because the Congress does not provide it; and so, therefore, they cannot defend it to their own program people. The same thing, I think, happens in reverse with the National Guard program, quite frankly, that there is a tendency to anticipate that there is going to be a lot of additional construction put in by Congress; therefore, it is not budgeted in the program. But when we budget it that way, frankly, I do not think we get our highest priorities. So I agree with you, \$8 billion seems abysmal. On the other hand, I do not think the program has been handled jointly by all of us as well as it could have been.

Mr. MONTGOMERY. Well, I will be leaving, but this looks like we ought to get together and try to work these things out. It is such a distance between the actual funding that they need and the missions they have.

Mr. BAYER. I would welcome that, and I know John Roseman would as well.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Mr. SAXTON. Mr. Hefley will be back in just a minute. In the meantime, we will hear from Mr. Underwood.

Mr. UNDERWOOD. Thank you, Mr. Chairman.

And I would have been pleased if you had answered to the chairman that your leading priority was an armory for Guam. [Laughter.]

But apparently, it is not. But I certainly accept your characterization that the MILCON proposals for the National Guard have not been rational and are abysmal. I think it is a dishonor to the kinds of people who serve in the National Guard and the kinds of activities that they are asked to carry out.

I was also struck by some of your comments regarding the BRAC accounts and the process of base closure. You alluded to the RAND study, and you admitted that that had a very small sample. And you stated that the communities were recovering better than had been anticipated, and I would say that certainly the case of the RAND study does not apply to the island that I represent, because you do not have that kind of economic recovery possibilities where people can drive to the next county for a job. We are talking about tremendous distances. And so I think that those kinds of issues should be kept in mind as you folks over in DOD work these issues of base closure.

You mention also that most business plans now—originally, when the base closure process began in 1988, they were taking 2.5 years to form. Now, they are taking a year. And I would say that



a great deal of that has to do with the fact that there are so many ex-BRAC people out there working this issue. [Laughter.]

They seem to be everywhere, and they are devising these business plans.

But there is a disjuncture in the business process, and I wanted to make this as a comment, and I am trying to find people like yourselves to understand this. There is a great disjuncture between developing the business plan and negotiating what the military is going to leave to the local community. And this has been very apparent in the base closures that have occurred on Guam. And that is that what you have is that you are hoping that the community can come up with a business plan, but in the meantime, in this instance, the Navy has been less than clear on what assets they are going to turn over to the local community. And as a consequence of that, of course, we get no clear business plan. But in the meantime, what happens is that the process of closure proceeds, goes ahead. There is no connection. There is a great disjuncture between local economic recovery and the base closure process. The base closure process is proceeding according to its own time line, and there is some confusion in negotiating exactly what assets will be turned over, thereby depriving the local community of the opportunity to recover in the most effective and efficient way possible.

You also mentioned that the rescission in 1993 and some cut-backs in funding have hurt the BRAC process. I would like your comments on exactly how that has happened. And if you could, elaborate a little bit on what is happening with environmental restoration.

Mr. BAYER. Well, when that rescission occurred—and my recollection now without sort of researching out of this brain book is about half a billion dollars, if I recall correctly—what happened was that communities who were beginning to plan for reuse based upon a schedule of environmental restoration in particular or other plans that the services had to get out of those bases, they were basically underfunded, and everything slowed down. The point that you make about property is very close to my heart. Just this last week I said look, there are a lot of decisions, be they real property or personal property, where there is no good answer. There is no perfect answer. But delaying making a decision prejudices everybody.

So I asked my staff; I said give me the half dozen worst issues that just needed a decision, and we will make a decision; and then, give me another half dozen, because it is the very point that you make: communities do not have the information, if we cannot decide what we want to keep, then communities cannot move forward. And I am committed to doing that. I told them look, these things are like fish: they do not get any better with time.

Mr. UNDERWOOD. Thank you.

Mr. HEFLEY. Thank you, Mr. Underwood.

I would hope, Mr. Secretary, that you would recognize Mr. Underwood's particular unique kind of a problem. And one size does not fit all in this case.

Mr. UNDERWOOD. That is correct.

Mr. HEFLEY. To close a base in the heart of the world's population center in California, for instance, is very different than closing a base—

Mr. HUNTER. I would not know about that. [Laughter.]

Mr. BAYER. Note well taken. I understand those concerns.

Mr. HUNTER. The convention awaits you. [Laughter.]

Mr. HEFLEY. I am not sure I can come.

Mr. Saxton.

Mr. SAXTON. Mr. Secretary, let me ask two questions as quickly as I can and then give you an opportunity to respond. Let me follow up first on Mr. Montgomery's question relative to reserve component military construction. As you know, the Army Reserves today amount to 52 percent of the total manpower—or personpower, I guess we say these days. The Air Force is in the process of doing a study trying to move from 35 to 50 percent reserve component personpower, and I do not know what the Navy and the Marine Corps is, but the trend is very clear.

Also, the Army today has converted two active-duty bases, which now support total reserve component training: Fort McCoy and, of course, the one that I am most familiar with, Fort Dix. And yet, we do not seem to have recognized in our total planning strategy the need to support the reserve component with MILCON funding. What are your further thoughts on that?

And second, let me ask this question, and then you go ahead and answer both of them, if you would. You spoke about our inconsistent MILCON funding, and this year is certainly no example. Your budget submission was \$9.1 billion, as you have correctly said, which is 15 percent below what you requested last year and 18 percent below what we authorized and was appropriated. Now, that is \$1.57 billion, most of which apparently comes from BRAC-related activities, which is \$1.39 billion. The second question is would it not make sense, given the austere situation that we are in and given the fact that we have always said that the purpose of BRAC is to let us end up with the best bases we can possibly have, to use a major portion of that \$1.39 billion for MILCON purposes?

So, if you would, just respond to those two questions.

Mr. BAYER. Let me respond first to the issue of reserve component construction. I think the comments that I made to Mr. Montgomery, I want to take to heart. I think we need to work on how we together program and budget for the reserve components. The reserve components are receiving about 11 percent of our total construction request this year. Frankly, I do not know that we have ever studied what an appropriate level would be. Clearly, the level is not in direct relationship to how much of the Army, for instance, is in the reserve components.

Mr. SAXTON. I agree with that.

Mr. BAYER. Because the nature of the infrastructure for the active force is different, and the active force infrastructure supports the Guard and Reserve. But I do not think that we have ever looked at it from a macroparametric point of view, and I think that that is part of what we need to do to really address the issue that Mr. Montgomery brought up. It is not just a question of how we budget but also what is the real requirement? And I do not think that has been very well explicated.



On the issue of BRAC and moving the money into other construction, the general rationale for BRAC has been—and the Secretary has testified to this certainly during the 1995 round—was that we were trying to save that money to preserve readiness. It was not to simply provide other money into the military construction arena. Yes, as we downsize to a smaller infrastructure, we want to modernize that smaller infrastructure as best we can. But the notion of that flow of dollars, in fact, was to move into readiness as opposed to preserving it for construction. I wish it were, but it just has not been the strategy.

Mr. SAXTON. All yours, Mr. Chairman.

Mr. HEFLEY. Mrs. Fowler.

Mrs. FOWLER. Thank you, Mr. Chairman; and thank you, Mr. Secretary.

I know that I read your written testimony before I came, and I was concerned because I read in it that it was the Department's view that we need to authorize another BRAC process. And I have got to tell you, I am really unhappy with that statement, because all through 1995, we heard that this was the last round; this was going to be the mother of all BRAC's, and I gather that turned out not to be the case. And now, we are hearing that we need another round. And I have got to tell you that I think this is just further evidence of the fact that this administration has really manipulated the BRAC process. They gave BRAC a shortened list of facilities in 1995 because they were heading into an election year. Instead of making it the mother of all BRAC's, they pulled back and said that we do not want to hurt this State or that State or whatever, even though they knew the law only authorized one more round.

Now, they are coming back and saying we want another round after the election. So I think this is just part and parcel of the same activities that we have seen on BRAC to date, and I would note in particular the case of certain DOD industrial facilities that were ordered to be closed by the 1995 BRAC but which this administration has deemed to be of political significance. So, as a result, it has bent over backward to adopt a politically motivated plan that makes no sense whatsoever in the context of military readiness, a plan that is going to cost the taxpayers more and impair readiness by sacrificing consolidations at the facilities that were determined by 1995 BRAC to be the most valuable. So I think again, we are going back to part and parcel of the same thinking that seeks \$9 million for a military construction project at a facility that was ordered to be closed by the 1995 BRAC. So I have got to tell you as far as I am concerned—and I think probably some others here, too—an additional BRAC round is a nonstarter with me.

And I would also like to ask a question about the Department's new Housing Revitalization Support Office, which we heard about in here last week. I really support your efforts in this regard. I think it is very important that we pursue these public-private initiatives in the housing arena. And at Naval Station Mayport right now, we have got 1,400 sailors on a waiting list, not counting their dependents. But I did not get very clear last week what criteria were going to be used to determine the 8 to 10 facilities that are going to be considered for your public-private housing initiatives in

fiscal year 1996, and if you could just amplify that a little—I was here but did not get it quite clear what those were going to be.

Mr. BAYER. Let me comment on both of your questions, the last one first. In this current fiscal year, particularly since we did not really receive these authorities until February, I will say during this calendar year we are looking at not as many projects as we would like, and we are trying to learn how to use the tools and test them in a variety of circumstances. So we want to look at both on- and off-base revitalization construction. We want to look at markets that are basically company towns versus places like Jacksonville or San Diego that do not have that kind of an economy. We want to look at new construction and renovation. So we are kind of forcing these 8 to 10 projects into something of an artificial matrix so that we learn as much as we can.

The other side of the coin is we want projects that are relatively simple, because if you have too many variables, you are not going to learn as quickly, and, frankly, we need successes. We cannot stand to have failures. So those are the reasons why we have chosen what we have chosen.

Let me just say one thing about the comment I made in the statement about another BRAC round. That was harking back to some testimony that Secretary Perry made before the Base Closure Commission. And if I recall correctly, the Commission essentially asserted the same thing, although they made no recommendations on how and when. My own sense is that we have got a lot of work to do to effect the closure decisions that have already been made. And as I said, we are making a lot of progress, but we are not there yet. And in a few years, we will have a better idea what our requirements are, and I think we really do have to look at inter-service support in much greater detail than we were successful in doing in 1995.

Mrs. FOWLER. Thank you, Mr. Secretary.

Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Abercrombie.

Mr. ABERCROMBIE. Yes, Mr. Chairman, thank you very much.

Mr. Secretary, when I mentioned before about the culture shift, believe me, I was not being facetious, and I appreciate your answer, because I do think there are opportunities here, given the legislation that has been put forward, to operate in this area. And by that, I want to refer to the chairman's opening remarks with respect to barracks construction being one-third more than was requested last year and nearly matching the funding Congress provided last year.

But he goes on to say that he sees what he calls a sign of erosion, the \$355 million in new construction, 21-percent reduction in the 1996 level and 30-percent fewer than Congress provided last year as well as the effort to improve existing housing 29-percent less than the current program. He goes on, too, to cite the point about maintenance accounts for family housing by 7 percent. The question I want to ask first, then, is is this reduction based on the idea that you feel the new legislation will enable us to make deals, make contracts, get new kinds of deals for housing that will enable you to reduce the funding?



Mr. BAYER. I think there are two reasons, Mr. Abercrombie. One is that, of course, the Congress increased our budget request by about half a billion dollars last year. A fair amount of that was in family housing and barracks. And we simply were not in a position to continue that level of funding. When you compare it with what we requested last year—and particularly after you adjust BRAC out—the overall budget is down by about 3 percent. I do not recall precisely what it is—

Mr. ABERCROMBIE. Excuse me, Mr. Secretary, because we do not have a lot of time. I understand that part. What I am asking is are you anticipating vigorous use of the new legislative abilities that commanders have to pick up some of this that otherwise would be slack?

Mr. BAYER. Yes, and that is the other part, particularly in family housing.

Mr. ABERCROMBIE. OK; so we are encouraging commanders, then, to make maximum use.

Mr. BAYER. Right; in this year, we are trying to learn, but by next year—

Mr. ABERCROMBIE. Oh, sure.

Mr. BAYER [continuing]. I expect a rapid rise in the use of these.

Mr. ABERCROMBIE. The reason that I asked that question also has to do with your testimony on page 5, the second paragraph, and then by reference also to page 8 and 9, the housing revitalization support, which Ms. Fowler mentioned. Because here, you say—and I am quoting from that paragraph—"Revitalizing family housing often involves actually reducing a base's total housing inventory while improving its quality. We continue to rely first on the local housing market, where about two-thirds of our families live." And at another point, you happen to mention the plussing-up that was done.

The reason I bring that up is it is in conjunction with the first question. On Oahu, where we have the majority of the people stationed for the whole Pacific aside from those stationed in Okinawa and Korea, you cannot rely on the local housing market because it does not exist. I am sure you agree on that. And we have had very good success in actually opening that up a little for civilian use because of the housing that has been done on-base. So I am hoping that while that comment I believe holds in general, again, as the chairman indicated, there are particular circumstances, and in Hawaii, I am very vigorously pursuing that private support for all of the services to continue on-base housing, and I hope that I would have your support in that. I can assure you that you will get co-operation from local banks and everyone else connected with trying to provide the best quality of life we can in Hawaii.

Mr. BAYER. Well, thank you, and you have hit the nail on the head. In aggregate, we are relying on the private sector. It does not work everywhere.

Mr. ABERCROMBIE. Thank you very much, Mr. Chairman.

Mr. HEFLEY. Thank you, Mr. Abercrombie.

Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

Mr. Secretary, last year, the chairman was kind enough to place in the authorization bill basically a provision that gave you license

to do something that I think a lot of private companies would do if they were faced with the same scenario that we were faced with, you were faced with in the BRAC pull-down, and that is that you had a lot of bases that had a lot of houses and other military construction that were being closed, and you had other places that needed construction to take place. And the provision very simply gave you the authority to take a closed base like a Fort Ord, for example, with hundreds of military housing units and make a deal with a private company, trade them straight across for construction of brand new units with no Federal taxpayer dollars expended at a base where you needed housing.

Question: Was that mission impossible, or have you done something about it?

Mr. BAYER. No, I do not think it is a mission impossible. I cannot cite to you a place where we have yet identified a deal like that, although—

Mr. HUNTER. Well, you have got to advertise for them to get them.

Mr. BAYER. I would suggest that you might ask the services that, because they are managing their own drawdowns, and I do not have as much visibility to every single drawdown as I might have. But I am not aware of any right now where we are doing that, but it is a very useful tool to have, and I am sure there will be places where we are going to be able to do that.

Mr. HUNTER. Well, they are going to have to move out fairly quickly, or the communities and the services will figure other ways to dispose of the assets that we have in these communities closing bases.

Mr. BAYER. Well, of course, the concern that most of the services have is that we are giving so many of these assets under very, very generous terms to communities for economic redevelopment, so their bias is if they could get housing where they need it for some of the land that they own and can find a willing buyer and can get the local community to agree to that in terms of the overall reuse of that asset, then you have got a win-win, and there is a lot of motivation for services to do that.

Mr. HUNTER. But could you maybe for the record—

Mr. BAYER. I will. Let me take that for the record.

Mr. HUNTER [continuing]. Do a little scrub and try to figure out what has happened on that. Thank you.

Thank you, Mr. Chairman. I appreciate it.

[The following information was submitted for the record:]

#### TRADING BRAC HOUSES FOR NEW ONES

The Military Services have not utilized this legislative authority to trade houses closed under BRAC for new units constructed elsewhere. I believe that is because developers have not expressed interest due to the fact that obtaining financing to construct new houses within such arrangements may be problematic. The Services are disposing of excess housing under prior BRAC legislation, working closely with local re-use authorities.

Mr. HEFLEY. Certainly.

Mr. Browder.

Mr. BROWDER. Thank you, Mr. Chairman.

Good afternoon, Mr. Secretary. Just a couple of observations. One, I want to echo what Congresswoman Fowler said about this

effort, this money for this flooding problem. I think that is ridiculous. I have got some improvements that I need in my community that are really going to help us privatize the use of this military base after the military leaves, and I would like about \$8 million for mine, too.

On the other thing, the notion of offering the California experience as a generalization about communities recovering from base closure, I think that needs to be exposed for what it is. I sure would love to have the problem of trying to find a buyer and a use for that property out there at Monterey, CA. I know that must be a difficult job trying to get people to come in and use that. And to offer California bases for communities such as in Alabama and other States where you do not have just a ready buyer or a ready use, I think it is superficial, and it gets the message out that the Department of Defense wants out, but it is about as useful for the rest of the country—or many places of the country—as these celebrity endorsements for Psychic Hotline or Buttmaster. It just does not have any credibility for the rest of us.

And that is just my editorial comment, and I look forward to not a response but to yielding my time, Mr. Chairman.

Mr. HEFLEY. Thank you for both your comment and your yielding, Mr. Browder.

Thank you, Mr. Secretary.

Are there other questions that anyone has? Mr. Ortiz?

Mr. ORTIZ. If I may, I would like to submit some questions to the Secretary for the record, Mr. Chairman.

Mr. HEFLEY. All right.

Mr. Secretary, thank you very much for being with us.

Mr. BAYER. You are more than welcome. Thank you, sir.

Mr. HEFLEY. Thanks.

Our next panel of witnesses—and they can begin to assume their positions at the table—is a group of senior officials and officers of the active and reserve components of the Department of the Army. I will ask Mr. Johnson and General Miller, who have appeared before this committee in recent weeks, to proceed in a moment. Before that, however, I want to introduce to the subcommittee Brig. Gen. James Helmly, who is Deputy Chief of the Army Reserve. We welcome your testimony. And finally, as members may recall, Brig. Gen. William Bilo, the Deputy Director of the Army National Guard was originally scheduled to be here today. At the last moment, General Bilo was required to be somewhere else. And while we are sorry that he is not with us today, I am pleased that Maj. Gen. William Navas, the Director of the Army Guard could find time to take General Bilo's place. General, welcome to the subcommittee, and I hope we can have a full discussion of the Army's 1997 budget request.

Mr. Johnson, General Miller, if you would start off, and then we will go from there.

Mr. Johnson.



**STATEMENT OF PAUL W. JOHNSON, DEPUTY ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND HOUSING), DEPARTMENT OF THE ARMY**

Mr. JOHNSON. Mr. Chairman and members of the committee, it is a pleasure to be here before you to discuss the Army's military construction request for fiscal year 1997. I have with me General Miller, General Navas, and General Helmly, as you mentioned, who will discuss the active components, the National Guard, and the Army Reserves. We have a combined hearing statement that I would like to submit for the record.

Mr. HEFLEY. Without objection.

Mr. JOHNSON. But in the meantime, I would just like to make a few comments.

Today's Army is a great Army. With the active duty, Reserves, National Guard and civilian employees and family members serving the Nation both at home and abroad. Our facilities vision is to provide the Army with the quality facilities, infrastructure, and services that are integral to the readiness of the force and the quality of life of our soldiers and their families while protecting the environment.

Our first area of emphasis is strategic mobility. This is absolutely essential to our power projection Army. We must have ready access to road, rail, sea, and air transportation assets. The Army must also have equipment prepositioned to project power. The Army's building on the detailed analysis of the defense mobility requirements study and the strategic mobility systems to build a program that will allow us to deploy rapidly anywhere in the world. In fiscal year 1997 we will continue these crucial improvements. They include such things as improved ammunition piers, railroad upgrades, redeployment facilities, and the Southwest Asia pre-position.

Next, I want to address housing. No single quality-of-life component matches the importance of proper housing for Army soldiers and their families. The Army is committed to improving single soldier quality of life by improving their living conditions. This will be accomplished by upgrading and replacing existing barracks which do not meet the new 1-to-1 standard. We have \$202 million in Conus for barracks and about \$30 million over in Korea for barracks. That amounts to 3,917 units.

The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Maintaining and finding adequate quality housing for our soldiers and families is one of the Army's continuing challenges. We have in this program absolutely \$75 million to renovate and revitalize some 742 units. Our family housing budget request reflects the Army's attempt to provide suitable housing for soldiers and to maintain the quality of facilities entrusted to our stewardship. The program of the Army National Guard and Army Reserves in 1997 is limited to our highest-priority operational needs.

I want to briefly address base realignments and closures. We in the Army reached an important milestone when we closed the last 77 installations scheduled for closure per the Defense Secretary's Commission of 1998. The Army is accelerating all earlier and recent BRAC actions to obtain savings and retain assets to the pri-



vate sector as quickly as feasible. Four of the five closures approved by the 1991 Commission have already occurred: Fort Ord, CA; Sacramento Army Depot, CA; Fort Benjamin Harrison, IN; and Woodbridge Research Facility in Virginia. More successes are coming. Fort Devens, MA is the last BRAC closure from 1991. It will close a year ahead of schedule. In 1997, we will also close Vint Hill Farms Station, which was our only BRAC 1993 closure.

Last year, we aggressively initiated the 29 closures and 11 realignments recommended by the 1995 Commission. In accordance with the President's five-part plan for revitalizing base closure communities, the Army is working with local communities to speed up the reuse of installations being closed. Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent a fundamental shift from a forward-deployed force to one relying upon overseas presence and power projection. Even without the benefit of the Commission, we are closing about 67 percent of our facilities overseas. We are closing some 20 percent in Korea.

Last, I would like to talk about another important source of resources in support of the Army's facilities: real property maintenance activities. These funds reflect the cost to operate and maintain the Army physical plant. We would also ask you to support in this area, which also plays a critical role in our facilities revitalization initiative.

Thank you, Mr. Chairman. I will be followed by General Miller. [The prepared statement of Mr. Johnson follows:]

RECORD VERSION

STATEMENT BY

MR. PAUL W. JOHNSON  
DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(INSTALLATIONS AND HOUSING)  
OASA(I,L&E)

MAJOR GENERAL FRANK L. MILLER, JR.  
ASSISTANT CHIEF OF STAFF FOR  
INSTALLATION MANAGEMENT, DEPARTMENT OF THE ARMY

BRIGADIER GENERAL WILLIAM C. BILO  
DEPUTY DIRECTOR, ARMY NATIONAL GUARD  
DEPARTMENT OF THE ARMY

BRIGADIER GENERAL JAMES R. HELMLY  
DEPUTY CHIEF, ARMY RESERVE  
OFFICE, CHIEF, ARMY RESERVE  
DEPARTMENT OF THE ARMY

BEFORE THE  
SUBCOMMITTEE ON MILITARY INSTALLATIONS & FACILITIES  
COMMITTEE ON NATIONAL SECURITY  
HOUSE OF REPRESENTATIVES  
SECOND SESSION, 104TH CONGRESS

REGARDING

FISCAL YEAR 1997:  
MILITARY CONSTRUCTION, ARMY  
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD  
MILITARY CONSTRUCTION, ARMY RESERVE  
BASE REALIGNMENT AND CLOSURE (BRAC)

March 19, 1996

**BIOGRAPHY**

**PAUL W. JOHNSON**  
**DEPUTY ASSISTANT SECRETARY OF THE ARMY**  
**(INSTALLATIONS AND HOUSING)**  
**OASA(I,L&E)**

Mr. Paul W. Johnson is the Deputy Assistant Secretary of the Army (Installations and Housing) in the Office of the Assistant Secretary of the Army (Installations, Logistics and Environment) and has been in this position since 1983.

As Deputy Assistant Secretary, Mr. Johnson has the oversight responsibility for Installation facilities management to include: military construction for Active and Reserve Components and Non-appropriated fund activities; family housing; base realignment and closure activities; real property acquisition, management and disposal; and real property maintenance activities. Mr. Johnson performs liaison with DoD, OMB, the Congress, and other public offices concerning these functions.

Prior to this assignment, he served as the Deputy for Installations and Housing, Office of the Assistant Secretary of the Army (Installations, Logistics and Financial Management) from 1976 - 1983.

Mr. Johnson is a graduate of the University of Mississippi with a Bachelor's Degree in Engineering. His military education includes graduation from the Command and General Staff College, Federal Executive Institute and Industrial College of the Armed Forces. He is a Registered Professional Engineer licensed in the State of Mississippi and is a USAR Colonel (Retired), Corps of Engineers. Mr. Johnson's previous assignments include:

1971 - 1976 Assistant Deputy for Installations & Housing, OASA(I&L)  
 1970 - 1971 Deputy for Family Housing, OASA(I&L)  
 1962 - 1970 Special Assistant for Family Housing, OASA(I&L)  
 1958 - 1962 Supv General Engineer, Army Ordnance  
 1956 - 1958 Supv Construction Engineer, Air Force  
 1955 - 1956 Supv General Engineer, Army Ordnance  
 1952 - 1955 Supv Construction Mgmt Engineer, Air Force  
 1952 June-Dec Construction Mgmt Engineer (Gen), Army  
 1949 - 1952 Active Duty Corps of Engineers

His awards include the Legion of Merit and numerous civilian awards to include Special Achievement Awards, Exceptional Civilian Service Awards, and SES Performance Awards. His Presidential Rank Awards include the Meritorious Executive SES Award and the Distinguished Executive SES Award.

Mr. Johnson is a native of Mountain View, Oklahoma.



**MG Frank L. Miller, Jr.**

Major General Frank L. Miller, Jr. was born in Atchison, Kansas on 27 January 1944 to MSG(R) and Mrs. Frank L. Miller. General Miller is currently serving as the Assistant Chief of Staff for Installation Management, Office of the Chief of Staff, Army.

Immediately prior to this assignment, he served as the Deputy Commanding General, III Corps and Fort Hood, Texas. Prior to that assignment, he served as the Director of Operations, J-3, for the United States Forces Command, Fort McPherson, Georgia.

General Miller entered the military in 1965 as a Private and attended the Field Artillery Officer Candidate School immediately after Basic Training. He was commissioned on 13 September 1966. General Miller holds a Bachelor's Degree in Business Administration from the University of Washington, and a Masters Degree in Systems Management from Troy State University.

After his initial assignment to Fort Lewis, Washington as a Basic Training Company Training Officer, General Miller served in the Republic of South Vietnam from 1967 to 1968. General Miller commanded field artillery batteries in the 212th Field Artillery Brigade and the 1st Infantry Division. He served in South Korea as a staff officer at battalion and division level. While assigned to the 1st Infantry Division, General Miller also served as a battalion S3, and participated in four REFORGER exercises.

Upon graduating with distinction from the Command and General Staff College, General Miller was assigned as a battle staff team operations officer aboard the USCINCEUR Airborne Command Post. After promotion to Lieutenant Colonel, General Miller commanded the 1st Battalion, 35th Field Artillery at Fort Stewart Georgia. Following command, General Miller attended the Naval War College, where he again graduated with distinction and was promoted to Colonel.



General Miller served as Chief of Staff of the National Training Center, Fort Irwin, California, from July 1984 to July 1986. Subsequently, he assumed command of the 588th United States Army Artillery Group in Athens, Greece. Following command, General Miller was assigned as Chief of Staff of Fort Sill, Oklahoma. In June 1989, General Miller assumed command of III Corps Artillery at Fort Sill.

General Miller's Decorations and awards include: the Legion of Merit (with 4 Oak Leaf Clusters), the Distinguished Flying Cross, the Bronze Star Medal with V device (with 2 Oak Leaf Clusters), the Meritorious Service Medal, the Air Medal with V device (with 19 Oak Leaf Clusters), the Joint Service Commendation Medal, the Army Commendation Medal (with 4 Oak Leaf Clusters) the State of Georgia Meritorious Service Medal, the Vietnamese Cross of Gallantry with Silver Star.

General Miller is married to the former Paulette C. Duncan of Tacoma, Washington. The Millers have three children, Frank III, Michael, and Toni, and two grandchildren, Jonathan and Nicole.



# Biography

## National Guard Bureau

Departments of the Army and the Air Force  
General Officer Management Office, Washington, D.C.

### **BRIGADIER GENERAL WILLIAM C. BILO** Deputy Director, Army National Guard Washington, D.C.



Brigadier General William (Bill) C. Biló became the Deputy Director of the Army National Guard at National Guard Bureau in Washington, DC on September 16, 1993. As the Deputy Director, he assists the Director, Army National Guard, in formulating, developing and coordinating all programs, policies, and plans effecting the Army National Guard and its more than 410,000 citizen soldiers.

General Biló was born on November 15, 1944 in Washington, DC. In addition to earning a Bachelor of Arts Degree in History from Cameron University in Lawton, Oklahoma, he also holds a Master's Degree in Business and Public Administration from South-eastern University in Washington, DC. His military education includes the Field Artillery Officer Advanced Course, the Ordnance Advanced Course, the Command and General Staff College, the National Security Management Course of the National Defense University (Distinguished Graduate), and the Army War College.

His military career began when he enlisted in the United States Army in 1964. General Biló was commissioned a Second Lieutenant on December 17, 1965, after graduating from the Artillery and Missile Officer Candidate School (OCS), Fort Sill, Oklahoma. He served as a Pershing Instructor in the Artillery and Missile School and was later assigned as a Tac Officer at the Artillery OCS, Fort Sill, Oklahoma. He was then reassigned to Germany and served as a Platoon Leader and Executive Officer for Battery "C", 4th Battalion, 41st Artillery and as the Battery Commander of Battery "B", 4th Battalion, 41st Artillery (Pershing). He had two combat commands in Vietnam, serving first as Commander of Battery "B", 77th Artillery, and then as Commander of Service Battery, 30th Artillery, 1st Cavalry Division.

General Biló was voluntarily released from Active Duty in August 1972 and has served in many Command and Staff Positions in the Oklahoma, Virginia, and Maryland Army National Guard. He served as the Brigade Executive Officer for the 58th Infantry Brigade of the Maryland Army National Guard and later as the Director of Personnel, Headquarters, State Area Command, Maryland Army National Guard. He was selected to assist in the reactivation of the 29th Infantry Division, serving as the Division's Chief of Staff from 1984 to 1987. General Biló served as the Chief of Staff, Maryland Army National Guard, and in 1992, was selected to serve as the Commander, Division Support Command (DISCOM), 29th Infantry Division, until his selection as the Deputy Director of the Army National Guard in September 1993.

(Current as of June 1995)

Copies of this biography may be obtained from NGB-GO, Washington, D.C., 20310-2296, or by calling DSN 225-3861 or commercial (703) 695-3861. The date of publication indicated on this biography reflects the date of its most recent printing. It does not necessarily reflect the most recent information on the individual.

His decorations include the Legion of Merit with one bronze oak leaf cluster, Bronze Star Medal with three bronze oak leaf clusters and "V" device, Meritorious Service Medal with one bronze oak leaf cluster, Air Medal, Army Commendation Medal with four oak leaf clusters and "V" device, y Achievement Medal with one bronze oak leaf cluster, Selective Service Meritorious Service al, Good Conduct Medal, Army Reserve Components Achievement Medal with three bronze oak leaf clusters, National Defense Service Medal with one bronze service star, Vietnam Service Medal with two bronze service stars, Armed Forces Reserve medal with one hourglass device, Army Service Ribbon, Overseas Service Ribbon with numeral 1, and Republic of Vietnam Campaign Medal.

The general's civic affiliations include the National Guard Association of the United States, National Guard Associations of Virginia and Maryland, Alumni Association of the US Army War College, Alumni Association Cameron College, Military Order of Foreign Wars, 29th Division Association, past Chapter Commander-Military Order of the World Wars, First Cavalry Division Association, Association of the United States Army, Reserve Officers Association, Field Artillery Association, Veterans of Foreign War, and Catholic War Veterans.

General Bilo was promoted to and federally recognized as a Brigadier General in November 1993.

General Bilo is married to the former Diane K. Patton, of Chattanooga, Oklahoma and resides in Alexandria, Virginia. They have one son, Andrew, a computer consultant, and one daughter, Beverly, a high school guidance counselor.



# **BRIGADIER GENERAL JAMES R. HELMLY**



Brigadier General James R. Helmly was assigned in June 1995 as the Deputy Chief, Army Reserve, Office of the Chief, Army Reserve, Washington, DC.

A graduate of New York State University, General Helmly served on active duty for 7 years with two tours of duty in Vietnam and one in Panama as well as various assignments in the Continental United States. He is a graduate of the Infantry Officer Advanced Course, Army Command and General Staff College, Armed Forces Staff College, and the Army War College. General Helmly is also Airborne and Ranger qualified.



General Helmly, who has one year of enlisted service, began his commissioned service as a platoon leader with the 101st Airborne Division with assignments at Fort Campbell, Kentucky and Vietnam during the first of two tours of duty there. He subsequently commanded a company at Fort Benning, Georgia with the noncommissioned officer candidate school and an infantry company in Panama before ending his first tour of active duty. In the Army Reserve his assignments included service as a regimental operations officer in Panama, several logistics, supply and maintenance officer assignments in Georgia with the 1188th Military Ocean Terminal Unit and the 81st Army Reserve Command. Subsequently, he served as Commander of the 352nd Maintenance Battalion in Macon, Georgia and the 449th Area Support Group in Forest Park, Georgia in addition to further assignments with the 81st Army Reserve Command including Deputy Chief of Staff for Training and Deputy Chief of Staff for Personnel.

Brigadier General Helmly's awards include the Bronze Star Medal with V Device and three Oak Leaf Clusters, Meritorious Service Medal with five Oak Leaf Clusters, Army Commendation Medal with three Oak Leaf Clusters, Good Conduct Medal, Army Reserve Component Achievement Medal with three Oak Leaf Clusters, Armed Forces Reserve Medal with Hourglass Device, Vietnam Service Medal, Republic of Vietnam Campaign Medal, Republic of Vietnam Honor Medal First Class, and the Combat Infantryman Badge.

In his civilian life, at the time of his selection as Deputy Chief, Army Reserve, General Helmly was serving as Chief of the Policy and Initiatives Office in the Forces Command's Operations Directorate where he developed strategic plans and policies concerning command roles and missions, force design, mobilization and deployment. He has twice been awarded the Meritorious Civilian Service Medal.

General Helmly and his wife, Maria, have two daughters, Lisa and Melanie, and they live in Woodbridge, Virginia.



Mr. Chairman and members of the subcommittee, it is a pleasure for us to appear before you to discuss the Army's portion of the military construction request for Fiscal Year 1997. We also will discuss the status of base realignment and closure actions. These matters are of considerable importance to the Army, as well as this committee, and we appreciate the opportunity to report to you on them.

Our statement is in four parts:

*PART I - MILITARY CONSTRUCTION, ARMY  
FAMILY HOUSING, ARMY  
HOMEOWNERS ASSISTANCE FUND, DEFENSE*

*PART II - MILITARY CONSTRUCTION, ARMY  
NATIONAL GUARD*

*PART III - MILITARY CONSTRUCTION, ARMY RESERVE*

*PART IV - BASE REALIGNMENT AND CLOSURE (BRAC)*

PART I  
MILITARY CONSTRUCTION, ARMY  
FAMILY HOUSING, ARMY  
HOMEOWNERS ASSISTANCE FUND, DEFENSE

I am pleased to present the Active Army's portion of the Military Construction budget request for Fiscal Year 1997. Our program focuses on improving Army readiness by concentrating on three areas: mission projects, quality of life and support programs. This budget provides minimum construction and family housing resources essential to support the Army's role in our National Military Strategy.

The program presented requests authorization and authorization of appropriations for Military Construction, Army (MCA) of \$434,723,000, and \$1,287,479,000 for Army Family Housing (AFH), and \$36,181,000 for Homeowners Assistance Fund, Defense in Fiscal Year 1997.

Today our Army is surely "America's Army" - a seamless force comprised of Active Duty, Reserve, National Guard, civilian employees, and family members serving the nation both at home and abroad. As we prepare to enter a new century, America's Army will continue to change, preserving the best of its past, and posturing itself for the future to serve the nation.

The past several years have shown the Army must be capable of operating anywhere within the spectrum of conflict. To accomplish our objectives, the United States must allocate the resources necessary to maintain our balanced and ready force.

Although smaller now than at any time since before World War II, the Army is being called on for an increasing number of diverse missions around the world. Since, 1989, the Army's personnel strength has decreased 35 percent, while its budget has decreased 38 percent in constant dollars. Yet, we continue to perform more demanding, more diverse and more soldier intensive missions than during the Cold War. Operational deployments have increased over 300 percent since 1989. The average soldier in an operational unit spends 138 days a year away from home station. The impact of this increased mission is immense on both our soldiers and their families. We have a duty to provide the excellent facilities and improved quality of life that is necessary to retain these dedicated soldiers.

In order to continue to undertake our various missions, it is imperative that we achieve a predictable environment in the Army. To successfully meet these increasing operational commitments while simultaneously maintaining readiness requires stability - in the force structure, and in the resources available to carry out our missions.

The strength of the Army has been, is now and will continue to be America's young men and women, our soldiers. Today's

soldier is largely U.S. based, 75 percent, with a family, 65 percent, and with a working spouse, 54 percent. These soldiers and their families must bear the burden of the Army's increased operations. We must adequately care for and support them. Improving quality of life is essential to attracting and retaining the quality people needed to carry us into the next century. We must continue to focus on those issues important to the men and women who serve the nation. Efforts like the Whole Barracks Revitalization Program, Whole Neighborhood Revitalization Program, Army Family Action Plan and Army Communities of Excellence will remain key in our efforts.

Now, I would like to talk about our facilities strategy as it affects the Army and as we transition into the 21st Century.

#### FACILITIES STRATEGY

Our installations must change to support the power projection Army, and changing our facilities is the key to success. The Army's facilities vision is to provide comprehensive adaptable power projection platforms with the quality facilities, infrastructure and services that are integral to the readiness of the force and the quality of life of our soldiers and their families, while protecting the environment.

The Army has developed a two-fold strategy to achieve this vision. First, emphasis is being placed on establishing what the required facilities, infrastructure and services are to support the Army's missions and divest of unneeded facilities and infrastructure. Second, the Army is investigating ways of improving the allocation of funds within the total funds available to the Army to maintain and improve the remaining facilities base.

We are reducing our requirement by eliminating excess facilities. Between the existing facilities reduction program and base realignment and closure, we will eliminate approximately 113,000,000 square feet in the United States by 2003. We intend to extend the facilities reduction program beyond Fiscal Year 1997 to improve upon that figure to reduce our base operating costs. We continue to reduce leases and to demolish one square foot for every square foot constructed. When our overseas reductions are included, the Army will eliminate a total of 300,000,000 square feet from its Fiscal Year 1992 peak of 1,200,000,000 square feet.

Reducing the requirement also means reducing energy consumption. In the area of energy conservation, we are well on the way to meeting the Executive Order energy efficiency goal of a 30% reduction by 2005 compared to the 1985 baseline. We are currently 16% below that baseline. However, the increased unit cost of energy challenges our ability to reduce overall energy costs.

We are looking for innovative ways to divest ourselves of unneeded real property, including privatization of certain functions. It is proving an effective solution for installation utilities systems. Our goal is to privatize at least 75 percent of all Army utilities by the 21st century. Privatization is also being considered to provide better housing for soldiers and their families. Partnering with civilian communities around an installation is also a viable alternative to the Army maintaining some facilities.

In an effort to manage our installation family housing in a more business-like manner, the Army has instituted the Business Occupancy Program. Installations are funded based on quarters occupied, not on the total inventory, in an effort to optimize our owned assets. We have already seen an increase in occupancy rates. Seven new projects are also planned utilizing the authorities included in the 1996 Defense Authorization Act. In addition, we are working closely with the Office of the Secretary of Defense in efforts to further privatize the delivery and management of housing assets.

The Army is also committed to improving single soldier quality of life by improving their living conditions. This will be accomplished by upgrading or replacing existing barracks which do not meet the new 1+1 standard. We were able to fund \$232,000,000 in investment this year, including \$30,000,000 in Korea. We will use the Payment-in Kind-program to improve barracks in Europe, and will begin to program military construction in the later years of our Future Years Defense Plan. Our investment program will not reach soldiers immediately. Therefore, our objective is to sustain existing barracks at their current condition, and wherever possible, focus operation and maintenance funds through the Bridging the Gap program at a rate of approximately \$100,000,000 per year to keep our oldest barracks, such as those with gang latrines, open until they can be replaced. We also hope to focus operations and maintenance funds on some of our three man room barracks to convert them to the 1+1 standard.

Strategic mobility is also absolutely essential to our power projection Army. We must have ready access to significant and reliable road, rail, sea, and air transportation assets. The Army must also have equipment prepositioned to project power. Finally, we must improve the infrastructure at our power projection installations across the United States to guarantee we can prepare and deploy our forces rapidly. The Army is building on the detailed analysis of the Defense Mobility Requirements Study of the strategic mobility system to build a program that will allow us to deploy rapidly anywhere in the world. The Fiscal Year 1997 program will continue these crucial improvements.



As part of our effort to better focus our investment, we have developed and are testing a decision support tool, the Installation Status Report (ISR) Part One (Infrastructure), to implement our facilities strategy. The results of the ISR provide a status of facilities readiness by articulating facility condition. This identifies critical areas for funding from which resource allocation priorities can be determined. This assists our emphasis on the areas of health and safety, facilities essential to the installation's mission, and quality of life.

Now, I will discuss several of the highlights of the budget that we are presenting today.

#### **MILITARY CONSTRUCTION, ARMY (MCA)**

Within our military construction request, we focus on six investment areas: whole barracks renewal, strategic mobility, leader initiatives, environmental, mission and planning and design/minor construction. We have grouped these into three major categories of projects: mission facilities, quality of life projects, and support programs such as infrastructure and environmental projects.

#### **MISSION FACILITIES**

In Fiscal Year 1997 there are seven mission facility projects totaling \$132,000,000. Essential mission facilities include several initiatives such as the Army Strategic Mobility Program (ASMP) and Close Combat Tactical Training (CCTT) facilities.

**ARMY STRATEGIC MOBILITY PROGRAM:** Fiscal Year 1997 continues the upgrade of the strategic mobility infrastructure we started several years ago. In Fiscal Year 1997, we have included a new project, \$27,000,000, for phase one of a two phased program at Concord Naval Weapons Station. This project upgrades the ammunition pier to increase the throughput of ammunition on the west coast to a level equal to that available on the east coast. Also in CONUS, we have included railroad upgrade projects at Fort Campbell, \$16,100,000, and Fort Benning, \$9,400,000, and a readiness deployment facility at Fort Lewis, \$3,600,000.

Included in Fiscal Year 1996 was the first phase of a Strategic Logistic Initiative (SLI) to construct facilities in Southwest Asia for the prepositioning of equipment and materiel needed to speed the deployment of forces during a contingency in this area. Fiscal Year 1997 includes the second phase of this program, \$64,000,000. These projects will provide facilities to preposition equipment, materiel, and supplies for a second armored heavy brigade, along with unit equipment of a division base (-). The Army is pursuing, with the Department of State, host nation support for this mission, but, it is unlikely to

materialize in the immediate future. Delaying the SLI projects pending negotiations increases significantly the risk of not being ready to execute contingency commitments in this region.

**CLOSE COMBAT TACTICAL TRAINERS:** CCTT facilities leverage technology to enhance training and maintain readiness through a group of fully interactive networked emulators and command, control and communications work stations. When the first CCTT becomes operational in 1997 it will reduce reliance on field exercises as the single method for combined arms training and provide a long term, cost effective option.

#### QUALITY OF LIFE PROJECTS

The Army remains committed to improving the quality of life of our soldiers and their families, since it has a dominant impact on the Army's readiness. To attract and retain quality people, America's Army must continue to focus on quality of life issues important to the men and women who serve our nation. In this area, we have concentrated our efforts toward improving the living conditions of our soldiers and their families. The Fiscal Year 1997 MCA budget reflects minimum essential funding for quality of life programs.

**WHOLE BARRACKS RENEWAL INITIATIVE:** The Army has initiated a Whole Barracks Renewal program to provide funding for new construction and modernization projects. It represents a significant, long-term commitment on our part to improve the living conditions of single soldiers, and provide them with a home, not just a place to live. We must provide more space, more privacy and a quality of life for our single soldiers that is comparable to living off the installation and to that of our married soldiers. Based on input from our soldiers, the Army initiated a Whole Barracks Renewal program that includes personal privacy, larger rooms, closets, upgraded day rooms, centrally procured furnishings, additional parking, landscaping and administrative offices separated from the barracks. As part of the effort in Fiscal Year 1997, we are planning eight barracks projects to either construct new facilities or provide for whole barracks complex renewal, \$232,000,000. This includes continuing the Congressional initiative started several years ago to correct the housing situation in Korea by building new barracks to replace old, substandard quonset huts and H-relocatable buildings.

#### SUPPORT PROGRAMS

Included in this area are those projects which provide vital support to installations and balance to the military construction program. We have requested four projects in Fiscal Year 1997 for \$17,500,000. These include two infrastructure projects at Camp Roberts, California, and at Vicenza, Italy, and a renovation for

additional quality and functional space at the National Defense University at Fort McNair. Also included is an Army environmental compliance project that continues remediation of soil erosion at Yakima Training Center, Washington.

#### OTHER PROGRAM HIGHLIGHTS

**PARAMETRIC ESTIMATES:** In Fiscal Year 1996, Congress requested the Army start using parametric cost estimating for budget submissions in lieu of the 35% engineering design estimates. The Army established procedures to prepare budget estimates using parametric techniques. Several projects in the Fiscal Year 1997 budget submission were estimated using parametrics. The Army will use parametric estimates routinely for projects starting in the Fiscal Year 1998 military construction budget request.

**UNSPECIFIED MINOR MILITARY CONSTRUCTION, ARMY:** The Army has allocated \$5,000,000 of this budget request to be used worldwide for urgent, unforeseen projects. While in the past we were limited to \$1,500,000 per project, last year's increase in authorization to \$3,000,000 for health and life safety will help the Army to execute emergency projects to meet the immediate needs of our installations.

#### BUDGET REQUEST ANALYSIS

The Fiscal Year 1997 MCA budget request includes a request for authorization and authorization of appropriations of \$434,723,000, along with a companion request for authorization and authorization of appropriations for the same amount.

The Fiscal Year 1998 appropriations request, by investment focus, is shown in TABLE 1:

TABLE 1  
INVESTMENT FOCUS AUTHORIZATION OF APPROPRIATIONS

CATEGORY	AUTHORIZATION OF APPROPRIATIONS	PERCENT
Whole Barracks Renewal	232,000,000	53.4
Strategic Mobility	120,100,000	27.6
Leadership Initiatives	6,900,000	1.6
Environmental	2,000,000	0.4
Critical Mission	25,100,000	5.8
Planning & Design/Minor Construction	48,623,000	11.2
<b>TOTAL</b>	<b>\$434,723,000</b>	<b>100.0</b>

TABLE 2 shows the Fiscal Year 1997 distribution of the authorization and authorization of appropriations request among major commands in the United States and overseas.

TABLE 2  
COMMAND SUMMARY

COMMAND	MCA	
	AUTHORIZATION OF APPROPRIATIONS (\$000)	PERCENT OF TOTAL
INSIDE THE UNITED STATES		
Forces Command	206,500	47.5
Training & Doctrine Command	44,000	10.1
Military District of Washington	6,900	1.6
Military Traffic Management Command	27,000	6.2
ACSIM	4,600	1.1
TOTAL	\$289,000	66.5
OUTSIDE THE UNITED STATES		
United States Army Central Command	64,000	14.7
United States Army, Europe	3,100	0.7
Eighth, United States Army	30,000	6.9
TOTAL	\$97,100	22.3
Total Major Construction	\$386,100	88.8
WORLDWIDE		
Planning and Design	43,623	10.0
Minor Construction	5,000	1.2
TOTAL	\$ 48,623	11.2
TOTAL AUTHORIZATION OF APPROPRIATIONS REQUESTED:	\$434,723	100.0

#### ARMY FAMILY HOUSING

I will now present the Army's family housing portion of the Military Construction budget request for Fiscal Year 1997. No single quality of life component matches the importance of proper housing for Army soldiers and families. The family housing program provides a major incentive necessary for attracting and retaining dedicated individuals to serve in the Army. Yet, adequate housing continues to be the number one soldier complaint



when we ask them about their quality of life. Out of pocket expenses for soldiers living off post in the U.S. are typically 20 to 22 percent of the total cost of their housing. Maintaining or finding adequate, quality housing for our soldiers and families is one of the Army's continuing challenges.

This family housing request reflects the Army's attempt to provide suitable housing for our soldiers and to maintain the quality of the facilities entrusted to our stewardship. The budget request includes sufficient funding for essential operations, utilities and leasing requirements, and only annual, recurring maintenance and repair. This budget does not reduce deferred maintenance and repair. In order to manage maintenance and repair funds more efficiently, we expect to reduce the inventory in Fiscal Year 1997 by approximately 500 units. We will eliminate and demolish units which are excess to installation requirements and are not economical to repair.

#### HOUSING PROGRAM ACCOUNTS

In Fiscal Year 1997, our budget includes \$75,013,000 funds for a modest replacement construction program for units no longer economical to revitalize; a modest housing revitalization program for our aging housing inventory; and for planning and design of future construction projects.

Funding for the annual costs of operating, maintaining, and leasing housing units for military families remains at a significantly higher level than Fiscal Years 1994 and 1995, but is less than Fiscal Year 1996. Our operations request for Fiscal Year 1997 is \$1,212,466,000. The requested funding level reflects our continuing commitment to improve soldier and family housing by funding all essential operations and annual recurring maintenance and repair. TABLE 3 summarizes each of the categories of the Army Family Housing Fiscal Year 1997 program and the percent of the total request for each category.

TABLE 3 - ARMY FAMILY HOUSING  
FACILITY CATEGORY SUMMARY

FACILITY CATEGORY	AUTHORIZATION OF APPROPRIATIONS	
	(\$000)	PERCENT
New Construction	38,300	3%
Post Acquisition Construction	33,750	2%
Planning & Design	2,963	<1%
Operations	188,660	15%
Utilities	270,391	21%
Maintenance	525,893	41%
Leasing	227,515	18%
Debt	7	<1%
<b>TOTAL</b>	<b>1,287,479</b>	<b>100.0</b>

#### WHOLE NEIGHBORHOOD REVITALIZATION

This year's request continues the initiative the Congress approved in Fiscal Year 1992 to revitalize both the housing unit, and the entire living environment of the military family. The whole neighborhood revitalization program provides for systematically upgrading and repairing the existing housing inventory, while concurrently improving neighborhood amenities. The projects recommended for this program are based on life-cycle economic analyses and will provide units which meet community standards. The combination of replacement and post-acquisition construction in Fiscal Year 1997 provides for annual U.S. investment that is 1.94 percent of the plant replacement value, or a 52 year replacement program versus a 35 year replacement cycle based on industry standards.

#### NEW CONSTRUCTION

The Army's new construction program provides family housing where additional housing is required to help satisfy a validated housing deficit, or provides for replacement of housing where it is more economical to replace current housing than to renovate.

Department of Defense and Army policy directs the first source for providing family housing is the civilian community. At Army installations where off-post housing is not available, too costly, or substandard, the Army takes positive steps to provide adequate housing for military families. New construction for deficit reduction is programmed only when these conditions exist, and it is the most economical alternative. In this budget request, no new construction is requested to reduce the family housing deficit. The only new construction requested is to replace required family housing units that are uneconomical to revitalize or repair.

In the Fiscal Year 1997 whole neighborhood revitalization program includes projects for replacing 282 units at three locations where it is more economical to replace than renovate current housing, and there is a continuing housing requirement. This replacement construction, which includes the supporting infrastructure, ensures that adequate housing is available for our soldiers and their families without adding to the current inventory. At each location, the housing being replaced will be demolished. Each project is supported with a housing survey showing that adequate and affordable units are not available in the community.

#### POST ACQUISITION CONSTRUCTION

The Post Acquisition Construction program is an integral part of our housing revitalization program. In Fiscal Year 1997, we are requesting funds for improvements to 460 units at four locations. These projects include critical, whole neighborhood improvements for 76 units located in Vicenza, Italy. Also

included within the scope of these projects are efforts to improve energy conservation and to eliminate environmental hazards.

#### OPERATIONS AND MAINTENANCE

The operations, utilities and maintenance programs comprise the majority of the Fiscal Year 1997 budget request. The requested amount, \$1,212,466,000 is nearly 77 percent of the total family housing request in 1997. This request provides for the Army's annual expenditures for maintenance and repair, municipal-type services, furnishings and utilities. It provides sufficient funding in Fiscal Year 1997 for the annual, recurring maintenance requirements of the existing inventory, which is needed in order to protect the Army's investment and provide stewardship of the family housing inventory.

The Fiscal Year 1997 budget request also identifies major maintenance and repairs planned for 56 general officer quarters (GFOQs) where the cost per unit exceeds \$25,000. The scope of the work was carefully reviewed ensuring only essential work will be performed. This includes maintenance and repair work necessary to ensure the units remain habitable and comply with historic preservation guidelines. Fifty of the units are designated as historic facilities under provisions of the National Historic Preservation Act of 1966. Under terms of this Act, the Army has a legal responsibility to preserve and maintain the historic nature of these units. This responsibility is a major factor in the cost of the planned work. Deferring the required repairs will accelerate the rate of deterioration, increase the final cost of repairs, and preclude compliance with statutory preservation responsibilities.

The budget request continues funding for the operation and maintenance of an Army-wide computer system, the Housing Operations Management System (HOMES), which is improving many phases of housing management. To assist soldiers in their efforts to find off-post housing, the Army is continuing the recently expanded mission of the Community Homefinding Relocation Referral Services Program. This program's objectives are to assist newly arrived personnel in finding adequate, affordable, community housing; to provide continuing guidance and assistance to military families residing in off-post housing; and to assist relocating soldiers in making informed housing choices at their new duty stations.

The family housing utilities request reflects our success in reducing our energy consumption and supports the Army's energy conservation goal of a one and one half percent reduction in overall facility energy requirements. Unfortunately, while consumption decreased, costs continue to rise. Our revitalization program also produces savings in energy, since the energy efficiency of the improved quarters will be comparable to current construction standards.

### LEASING

The leasing program provides another way of adequately housing our military families. Our leasing program includes Section 2836 (formerly 802) rental guarantee housing, Section 2835 (formerly 801) domestic build-to-lease, and temporary domestic, and foreign leases. Our Fiscal Year 1997 request is \$227,515,000.

We are requesting \$57,064,000 in Fiscal Year 1997, to fund existing Section 2835 project requirements and temporary domestic leases. This will support an average of 4,198 leases in the contiguous United States, Alaska and Hawaii.

We are requesting \$170,451,000 in Fiscal Year 1997, to support an average of 11,649 leased units overseas. Our experience shows the foreign leasing program generally saves the Army money. In Fiscal Year 1995 the average housing allowances in Europe were \$15,438, while our average lease cost was \$13,098.

The Army's total leasing program request supports an average of 16,265 units in Fiscal Year 1997, to satisfy requirements in the United States, Europe, Korea, Panama and other locations. These are our high priority locations where providing flexible family housing solutions is essential to improving the quality of life of our soldiers.

### REAL PROPERTY MAINTENANCE

I would now like to talk about another important source of resources that also furthers Army readiness by providing for the support of the Army's facilities, the Real Property Maintenance (RPM) program. Real Property Maintenance is the primary account in installation base support funding responsible for maintaining installations at peak readiness for the Army's fighting force. The appropriations for this program are provided as a part of the Defense Appropriations Bill.

As I noted earlier our installations are the power projection platforms of America's Army. If we permit Army facilities to deteriorate, it will have a direct impact on readiness, both now and for the future. Deteriorated training facilities, warehouse storage, communications, rails and ports can impede readiness and our power projection capabilities. Poor barracks discourage retention and recruitment of quality personnel. Emergency repairs for certain unplanned facilities failures must be accomplished or human safety or environmental compliance or both will be jeopardized.



### REAL PROPERTY MAINTENANCE ACCOUNTS

Real Property Maintenance (RPM) is a major program with two major functional accounts - Maintenance and Repair of Real Property and Minor Construction. RPM reflects the cost to operate and maintain the Army's Physical Plant. The Maintenance and Repair of Real Property account pays to maintain areas such as the utilities systems, buildings and other structures, grounds, railroads and other surfaced areas.

The Minor Construction account funds projects under \$1 million to correct health or safety deficiencies, or under \$300,000 per project for the erection, installation or assembly of a new real property facility. Additions, expansions, extensions, alterations, conversions, or replacement of an existing real property facility are also funded from the minor construction account.

### SOURCES OF REAL PROPERTY MAINTENANCE FUNDING

Real Property Maintenance is one of the largest components of installation operating costs. The appropriations which finance installation operations and include RPM funds are: Operation and Maintenance, Army; Operation and Maintenance, Army National Guard, Operation and Maintenance, Army Reserve; Research, Development, Test and Evaluation; Procurement; and the Defense Business Operations Fund. RPM is augmented by reimbursable customers (Army and other Department of Defense tenants), non-appropriated fund activities, and host nation support.

### BACKLOG OF MAINTENANCE AND REPAIR

When we cannot fund the annual recurring maintenance and repair requirements, the result is a Backlog of Maintenance and Repair projects (BMAR). BMAR is defined as an aggregation of major maintenance and repair projects that were planned for accomplishment in previous fiscal years, but were not accomplished due to lack of resources. Delay in executing these projects will result in further deterioration of the facilities, thus greatly compounding the eventual repair costs, and frequently results in more expensive environmental compliance problems. BMAR projects are routinely revalidated at least once each three years and on occasions more often. BMAR will be phased out in 1998. At that time a new system will be used to provide greater visibility of dollars and work required at installation level to improve installation readiness. The vehicle to implement this change is the Installation Status Report (ISR), which I discussed earlier. Once implemented the ISR permit us to quickly and clearly identify what work is required, as well as the cost of the work needed to raise the installation's readiness to the desired level.

**HOMEOWNERS ASSISTANCE FUND, DEFENSE**

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. The Fiscal Year 1997 request is for \$36,181,000 appropriations, along with a companion request for authorization, and authorization of appropriations for the same amount.

The request will provide assistance to personnel at approximately 21 locations that are impacted with either a base closure or a realignment of personnel resulting in adverse economic effects on local communities. The Homeowners Assistance Program is funded not only from the resources being requested in this budget, but is also dependent, in large part, on the revenue earned during the fiscal year from the sale of properties.

**SUMMARY**

Mr. Chairman, the Fiscal Year 1997 request for authorization of appropriations for Military Construction Army, and Army Family Housing is \$1,722,202,000 and \$36,181,000 for the Homeowners Assistance Fund. With approval of this request we will continue to: improve our strategic mobilization posture, provide safety, health and environmental compliant facilities; provide additional adequate housing for soldiers and their families; and meet statutory and regulatory requirements. This request will provide for family housing leasing and operation and maintenance of the current inventory. Thank you for your continued support of Army facilities funding.

PART II  
MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Next, I will present the Army National Guard's (ARNG) Military Construction Program for Fiscal Year 1997.

The Army National Guard requests \$7,600,000 appropriation and \$14,300,000 authorization for Fiscal Year 1997 military construction. The appropriation request includes \$5,500,000 for unspecified minor construction and \$2,100,000 for planning and design. The authorization request also includes \$4,900,000 for two critical major construction projects and an additional \$1,800,000 for planning and design.

The Army National Guard (ARNG) is America's community-based, dual-use response force, "A trained and ready citizen-Army," and, by statute, an integral part of the first line defense of the United States. The Guard is manned with about 370,000 quality soldiers in 3,000 units in 2,700 communities nationwide.

The Guard is a capable force. They have demonstrated combat, combat support and combat service support performance from the Pequot War of 1637 through the Gulf War of 1991. The Guard has supported missions in Somalia, Rwanda, Haiti and today in Bosnia.

The Guard is an accessible force. They are readily available to both national and state authorities, for all foreign and domestic missions.

The Guard is an expandable force. Five times this century they have served as the framework on which to build a larger land force to meet a growing threat. The Guard serves as "insurance" against an unknown future.

The Guard is affordable. They provide half the combat power of America's Army, a third of its combat support and a third of its combat service support.

As America's Army is being reshaped, realigned and resized, the Guard is also undergoing significant change. The Guard is accomplishing new missions and taking on new responsibilities in addition to its historic domestic and international roles. To do this, they have higher quality soldiers, trained and equipped to a higher degree of readiness than ever before. The support of their communities, the Active Army, and the resources supplied by Congress have made this possible.

Readiness is the key factor of a strong force. To keep citizen-soldiers ready, the most critical element is training time. Distractions such as travel time to distant training sites, additional maintenance time on stored equipment and delays caused by working in inefficient and obsolete facilities must be minimized.

Adequate facilities are necessary for the level of readiness that the American people demand of us. The Guard has an obligation to provide safe, cost effective and mission-essential facilities for our soldiers. Modern facilities enhance training, maintenance, administration, quality of life and the environment. The use of joint installations and facilities by more than one component of the Reserves continues to be pursued to provide cost effective facilities. The base realignment and closure program has also conveyed facilities and training land to the Guard from closing Service installations.

Military construction for the Guard benefits the local community, the State and the nation. Federal funds for many Guard facilities are leveraged by States contributing a share of the design, 25% of the construction costs, and providing the site for the facility. Operation and maintenance costs are a State responsibility for State-owned facilities. For other facilities, it is a shared responsibility which reduces Federal costs.

The States will continue to prudently manage their existing facilities, despite the challenges of age and shrinking real property support funding. They are committed to executing the programs you authorize as expeditiously and as efficiently as possible. Facilities built during the last decade have played major roles in meeting force structure changes, accomplishing quality training, maintaining readiness and improving soldier quality of life.

The Guard's Fiscal Year 1997 military construction program will provide two critical projects in two States. These projects include an Army Aviation Support Facility complex to provide an aircraft maintenance and training facility and a Modified Record Fire Range for M16 rifle qualification. The request includes minimal funds for unspecified minor construction and planning and design.

The Guard is proceeding with many innovations, including a Facility Energy Management Program and Energy Savings Performance Contracting. These programs include facilities energy conservation and the reduction of mobility fuel management. The Guard is also privatizing installation utilities where possible.

Let me now turn to an issue of concern: the operation and maintenance of our physical plant. The replacement value of all of the Guard's facilities exceeds \$16 billion. Their average age



is 33 years. States take care of these facilities using the limited resources in Real Property Maintenance Activity accounts, as authorized and appropriated by Congress.

They do so, however, in a way appropriate to their unique Federal/State status. The National Guard Bureau does not own, operate or maintain these facilities. The States, Territories, and Commonwealths accomplish these functions. The National Guard Bureau transfers money to the States that Congress authorizes and appropriates for this purpose. This money supports critical training, aviation and logistical facilities. For many facilities, the States, Territories and Commonwealths must contribute 25 percent of operation and repair costs.

The States, Territories and Commonwealths then pay the utility bills, hire and reimburse the employees necessary to operate and maintain these facilities, buy the supplies necessary for maintenance, and contract for renovation and construction projects and for required operations and maintenance services and equipment. They also lease facilities when required.

The Facility Management Offices are making a herculean effort to operate and maintain all of our facilities. They do so for two dollars a square foot, less than one-half of what should be spent. They scrimp, save, cross level personnel; but even as they keep the facilities open, they are falling behind. The backlog of maintenance and repair will increase to almost \$380 million by the end of Fiscal Year 1997.

#### SUMMARY

The Army National Guard is an important part of America's Army. Today's challenges are not insurmountable and the Army National Guard will continue to provide the best facilities within the resources available. The soldiers of the Army National Guard wish to express their appreciation for the efforts of this subcommittee and the past support you have given them.

### PART III

#### MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve, representing the citizen-soldier, is an essential partner in America's Army. In addition to relying on Reserve Forces to deploy and support major forces for war fighting, the Army is increasingly dependent on its Army Reserve for support of other contingency operations such as Bosnia and Haiti and for accomplishing daily operational support missions across the broad range of Army mission responsibilities at home and abroad, including the relatively new mission of operating selected major installations. Army Reserve soldiers will continue to respond to the nation's security needs into the 21st Century on an increasing basis. Essential resources include the facilities needed to train, support and sustain our forces. The program presented for Military Construction, Army Reserve, requests authorization and authorization of appropriations of \$48,459,000 for Fiscal Year 1997.

#### FACILITIES STRATEGY

The organization, roles and missions of the Army Reserve dictate the need for a widely dispersed inventory of facilities. We occupy about 1,400 facilities, consisting of more than 2,700 buildings and structures, that have an average age of about 31 years. Army Reserve operated installations add another 2,600 buildings and structures to the total inventory. The average age of facilities on these installations is about 46 years.

To effectively discharge our stewardship responsibilities, the Army Reserve has adopted certain priorities and strategies which guide our application of resources in a measured way that optimizes investments. The themes of our program are straight forward: to provide essential facilities to improve readiness and quality of life, to preserve and enhance the Army's image across America, and to protect the resources we are responsible for. Our priorities are four-fold: provide critical mission needs of early Force Support Package units; address the worst cases of facilities deterioration and overcrowding; pursue modernization of the total facilities inventory; and carefully manage Reserve operated installations. Our strategy for managing in a resource constrained environment is five-fold: eliminate high cost leases; dispose of excess facilities; consolidate units into the best available facilities where possible; use Base Realignment and Closure (BRAC) enclaves where practical; and use the newly developed Modular Design System (MDS) to shorten and streamline the process of planning, design and execution of projects.

### SPECIAL PROGRAM HIGHLIGHTS

**Quality of Life:** Adequate facilities provide our Army Reserve units with the means to conduct critical individual and collective training, to perform operator and unit maintenance on vehicles and equipment, and to secure, store and care for organizational supplies and equipment. These facilities also provide other important benefits. Fully functional and well maintained training centers have a positive impact on recruiting and retention, unit morale and the efficiency of the full time support personnel who work in the facilities on a daily basis. In addition to supporting the quality of life of units and support staffs, Reserve facilities project an important and lasting image of America's Army in the local community.

**Readiness:** Army Reserve construction requirements are distinctly different from those of the Active Army. Army Reserve forces are community based, dispersed in nearly 1,400 facilities in hundreds of communities across the nation. Facilities must be located where soldiers live and where units are based. They must be sufficient to meet the readiness training requirements of the units stationed in them. Reserve facilities serve as extensions of the Army's power projection platforms by providing essential places to conduct training, maintenance, storage of contingency equipment and supplies, and administration in preparation for mobilization and deployment that cannot be accomplished elsewhere.

**Modernization:** The plant replacement value (PRV) is about \$3.6 billion for our Army Reserve facilities and about \$1.9 billion for the Army Reserve-operated installations.

### BUDGET REQUEST ANALYSIS

The Military Construction, Army Reserve (MCAR) budget request of \$48,459,000 for Fiscal Year 1997 reflects the realities of constrained resources, and represents our highest priority projects. The appropriation includes three types of funds: Major Construction, Unspecified Minor Construction, and Planning and Design.

(1) **Major Construction:** These funds provide for land acquisition and actual construction, revitalization, expansion, alteration or conversion of facilities, which have estimated line item costs in excess of \$400,000. For Fiscal Year 1997, our budget request of \$44,979,000 will fund the construction of two new Reserve centers, four addition and alteration projects at existing centers and one new Equipment Concentration Site (ECS) with full-time maintenance support and warehouse facilities.

(2) **Unspecified Minor Construction:** These funds provide for construction of projects not otherwise authorized by law, and

which have a funded cost of less than \$400,000. Unspecified minor construction may include construction, alteration or conversion of permanent or temporary facilities. This program provides an important means to accomplish small projects that are not now identified, but which may arise during the fiscal year and that must be accomplished to satisfy critical, unforeseen mission requirements. Based on the availability of prior-year funds, the Army Reserve has no requirement for Fiscal Year 1997 funds for unspecified minor construction.

(3) Planning and Design: These funds provide for a continuous, multi-year process of designing construction projects for execution in the budget years and beyond. Planning and design activities include the preparation of engineering designs, drawings, specifications and solicitation documents necessary to execute major and unspecified minor construction projects. Our request for planning and design for Fiscal Year 1997 is \$3,480,000.

I would like to address two other important issues related to facilities, although they are funded by the Operation and Maintenance Army Reserve (OMAR) appropriation. They are real property maintenance and environmental compliance.

Real Property Maintenance (RPM): Resource shortfalls in maintenance and repair are causing the backlog of maintenance and repair (BMAR) to grow at annual rates of 20 percent for Army Reserve facilities and 11 percent for the Reserve operated installations. These rates of growth have a significant impact on the overall condition and rates of aging and deterioration of mission essential facilities and infrastructure. We are applying RPM resources to only the most critical maintenance and repair needs.

Environmental Compliance: Environmental compliance funding continues to place great demands on the Army Reserve's resources. Annual requirements increased from \$5.5 million in Fiscal Year 1990 to \$36 million in Fiscal Year 1997, primarily because of our aggressive program of identifying and correcting problems.

#### SUMMARY

In summary, as the national military strategy evolves to meet the challenges of the next century, the Army Reserve will grow in importance to the execution of that strategy. The men and women of the Army Reserve have consistently demonstrated that they can respond to the missions and challenges assigned to them. Our Reserve facilities are resources that serve as highly visible links between America's Army and America itself, projecting an image of our citizen-soldiers. We are grateful to the Congress for the support you have given, and continue to give, to the Army Reserve.



## PART IV

BASE REALIGNMENT AND CLOSURE  
(BRAC)

## INTRODUCTION

Closing and realigning installations has been a major part of the Army's reshaping efforts during the past decade. During 1995, the Army reached an important milestone when we closed the last of 77 installations scheduled for closure by the Defense Secretary's Commission of 1988. We also witnessed approval of the final list of installations to be closed or realigned under the Base Realignment and Closure Act of 1990 and entered the final stage of an arduous but extraordinarily successful process to reshape defense infrastructure. Approval of most of the Army's recommendations by the Defense Base Realignment and Closure Commission was important because this was the last downsizing opportunity in the foreseeable future.

The Army is accelerating all earlier and recent BRAC actions to obtain savings and return assets to the private sector as quickly as feasible. Four of the five closures approved by the 1991 Commission have already occurred: Fort Ord, California; Sacramento Army Depot, California; Fort Benjamin Harrison, Indiana; and the Woodbridge Research Facility in Virginia. This past Labor Day, President Clinton attended the dedication ceremony for the California State University at Monterey Bay on the former Fort Ord, citing it as a model for base conversion. Sacramento Army Depot is another example of how the Army and the local community have worked together to create a successful environment for economic recovery. Packard Bell now employs over 5,000 people there, 2,000 more than the Army did.

More successes are coming. In 1996, Fort Devens, Massachusetts (the last BRAC 91 closure) will close one year ahead of schedule. In 1997, Vint Hill Farms Station, Virginia (the only BRAC 93 closure), will close two years ahead of schedule. Last year, we aggressively initiated the 29 closures and 11 realignments recommended by the 1995 Commission. In accordance with the President's Five Part Plan for Revitalizing Base Closure Communities, the Army is working with local communities to speed up the reuse of installations being closed.

Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward deployed force to one relying upon overseas presence and power projection. Without the benefit of any Commission, we are closing about seven of ten overseas sites in Europe, where we are reducing the number of installations from 868 to 284, or 67%. Thirty-six partial closures represent an additional 4%. Reductions in

infrastructure roughly parallel troop reductions of 70%. In Korea, the number of installations are dropping from 104 to 83, or 20%. Another 8% are partial closures. While we constantly evaluate the role of forward deployed forces, overseas presence helps to reassure friends and deter potential enemies. It can reduce our response time in crises by positioning forces nearer potential trouble spots. On a typical day, the Army has 138,000 soldiers providing overseas presence in 120 countries. This provides tangible proof of the nation's commitment to defend American interests and those of our allies.

#### Commitment to People

During the implementation process, we work hard to minimize hardships which accompany base closures and realignments, not only to our own soldiers, civilian employees and their families, but to the surrounding communities as well. Our longstanding policy makes all reasonable efforts to continue employing our civilians and gives priority of funding for placement assistance. We grant priority rights to those who lose their jobs for vacancies in DoD and other Federal agencies. We help them locate jobs in the private sector if they desire. The earlier we make installations available for reuse, the more job opportunities there will be. Job training and other aid is also available to rejuvenate local economies.

#### Commitment to Reuse

The President's Five Part Community Reinvestment Program, announced on July 2, 1993, speeds economic recovery of communities where military bases are closing by investing in people, investing in industry and investing in communities. Key elements are easy access to transition and redevelopment help, larger planning grants, fast track environmental cleanup, base transition coordinators and job centered property disposal. Congress helped by enacting the 1994 Base Closure Community Assistance Act. We expect to open bases to economic reinvestment in half the time taken in previous BRAC rounds.

Rarely does the prospect of a closing base instill a sense of opportunity. However, communities do convert military bases to public and private uses successfully. Just last year, the Army completed an economic development conveyance to the City of Sacramento for most of the Sacramento Army Depot to spur economic development and create jobs. Packard Bell, the nation's third largest manufacturer of personal computers, has already created more jobs than the depot employed there. Although economic development conveyances are not possible everywhere, they are one example of how we can have a win-win situation for all involved.

Although closures take several years, leases are possible in the interim. In this way, the community does not have to wait

for us to complete everything necessary to close a base before reuse. For example, the Massachusetts Government Land Bank leased an intermodal rail facility at Fort Devens. The Army has also leased a golf course at Fort Sheridan, Illinois.

We learned from previous rounds that no two bases are identical and every situation is unique. Nevertheless, we will do what we can to permit reuse quickly. In 1995, we initiated planning and design for construction to relocate missions and personnel to other locations. We accelerated the identification of reserve component enclaves and began consulting with local authorities before making a final determination. We initiated environmental baseline studies at closing bases and expedited the hiring of base transition coordinators and BRAC environmental coordinators. We started screening for DoD and Federal agencies to determine which property is available, so local reuse authorities can begin planning. We began working hard to obtain decisions on where to relocate various units and activities not specified in the Commission's Report. In December, we met with local officials at our annual outreach conference in Denver to continue and, in some cases, begin a partnership for successful reuse. These efforts and others like them show our commitment. Everyone benefits when we move out smartly.

#### Commitment to the Environment

The Army anticipates spending \$1.8 billion for BRAC rounds through Fiscal Year 2001 to comply with regulatory laws in support of reuse. We work closely with local reuse authorities to conduct cost effective cleanup efforts consistent with local reuse plans and prudent expenditure of resources. In 1995, we accelerated environmental baseline surveys (EBS) for all BRAC 95 installations. The EBS identifies clean parcels required under the Community Environmental Response Facilitation Act (CERFA). After an EBS is complete, cleanup proceeds in accordance with applicable laws and regulations. Environmental risk, reuse plans, and availability of funding determine the program's pace.

Fast track cleanup, part of the President's Five-Part Program, raises public expectations that the Army will be able to transfer property expeditiously to the community for reuse. However, there is an impediment which hinders our ability to execute the program successfully. Environmental restoration cost ceilings limit our flexibility to fund cleanup and make property available for reuse. As environmental studies and beneficial reuse plans evolve, cleanup requirements change. We need the flexibility to draw on available BRAC resources without a ceiling, currently \$124,920,000 for BRAC 91 and \$11,502,000 for BRAC 93 in Fiscal Year 1996. Such flexibility helps us respond to changing circumstances, such as local reuse plans, regulations issued by the EPA and states and different requirements resulting from our investigations.

## BASE REALIGNMENT AND CLOSURE - OVERSEAS

**STATUS.** On September 18, 1990, the Secretary of Defense announced the first round of overseas bases to be returned. Since that time, there have been a total of 21 announcements. On January 14, 1993, DoD announced it will withdraw all U.S. military forces from the Republic of Panama and transfer all facilities by December 31, 1999. Of the 13 sites in Panama announced for closure, four have been returned. The total number of overseas sites announced for closure is 662. See Table 1. Additional announcements will occur until the base structure matches the force identified to meet U.S. commitments. At this time, we do not see the need for many more overseas closures.

Installations	
Germany	571
Korea	29
France	21
Panama	13
Netherlands	6
Turkey	6
United Kingdom	5
Greece	4
Italy	4
Belgium	3
	662

Table 1

Most of the reductions are in Europe where we are returning over 188 million square feet (MSF) of facilities, 52% of our inventory in 1989. This is equivalent to closing 12 of our biggest installations in the U.S. - Fort Hood, Fort Bragg, Fort Benning, Fort Stewart, Fort Leonard Wood, Fort Lewis, Fort Bliss, Fort Carson, Fort Gordon, Fort Meade, Fort Campbell and Redstone Arsenal. Unquestionably, these reductions are substantial and have produced savings to sustain readiness.

**PROCESS.** The process for closing overseas is much different than in the U.S. First, unified commanders nominate overseas sites for return or partial return to host nations. Next the Joint Staff, various DoD components, National Security Council and State Department review these nominations. After the Secretary of Defense approves them, DoD notifies Congress, host governments and the media. The Army ends operations by vacating the entire installation and returns it to the host nation. If we reduce operations, we end up keeping some of the facilities.

**RESIDUAL VALUE.** Supplemental agreements to NATO's Status of Forces Agreement (SOFA) with Germany allow the U.S. to claim



reimbursement for the value of investments made in construction or capital improvements to host nation furnished facilities. The value of U.S. funded improvements is determined by appreciating the original investment for inflation and depreciating for age and condition. The 564 installations returned thus far represents capital improvements of over \$3 billion. Nearly 100 sites have been settled so far, and the remaining sites are in various stages of negotiation. Our strategy is to seek cash compensation first, but our original expectations were overly optimistic and did not take into consideration the amount of time to find alternate uses for these installations. In-kind military construction and in-kind real property maintenance are next in priority. U.S. Army Europe has received \$39.5 million in cash and \$202 million in advance payment-in-kind to build facilities in Germany. In Korea, the SOFA between the Korean government and the United States does not provide for the payment of residual value. Neither Panama nor the U.S. expects money to change hands because of the Panama Canal Treaty.

**ENVIRONMENT.** The Army's environmental policy uses the provisions of Executive Order 12114, which outlines the U.S. Government's policy on environmental actions abroad. We take appropriate action to: eliminate imminent health risks; remove all hazardous materials and wastes; contract for storage tank cleaning and removal of contents; and remove halon from fixed facilities for return to the United States. We document known environmental problems, remove all toxic and hazardous wastes and clean up oil spills and leaking underground storage tanks. In Germany, the cost of cleanup may be considered in residual value negotiations. The SOFA with Korea does not address environmental cleanup. Since there is no base closure or Defense Environmental Restoration Account to fund the cleanup of closures overseas, we use the Operations and Maintenance account.

#### DEFENSE SECRETARY'S 1990 ANNOUNCEMENT

**OVERVIEW:** The Secretary of Defense announced additional realignments and closures as well as force structure reductions on January 29, 1990. This plan reflected the Army's initial transition to a smaller force, as reflected in the Army's Fiscal Year 91 budget submission. DoD proceeded with all actions that did not become subject to the subsequent base realignment and closure process mandated by Public Law 101-510. Financing for these initiatives came from the Army's operating funds. The following realignment actions are now complete:

- Layaway Indiana Army Ammunition Plant (AAP)
- Layaway Mississippi AAP
- Cease workload and lease Kansas AAP
- Layaway Louisiana AAP
- Layaway Scranton AAP
- Layaway Sunflower AAP

25

Layaway Longhorn AAP  
 Partial Inactivation of Detroit ATP  
 Downsize 194th Armored Brigade, Fort Knox  
 Downsize 9th Infantry Division (Mtz), Fort Lewis  
 Inactivate HQ, 4th Army  
 Inactivate 1st Region, Criminal  
     Investigations Command  
 Inactivate 2nd Armored Division, Fort Hood

**BASE REALIGNMENT AND CLOSURE 1988**  
**BASE CLOSURE ACCOUNT (BCA) I**

**BRAC 1988 OVERVIEW.** Last fall, we reached a little noticed but significant milestone. In September, when garrison flags came down at Cameron Station, Virginia, and the Army Material Technology Laboratory in Massachusetts, we closed the last of our 77 installations on the Commission's list. Although many of these sites were small stand alone housing sites and 1950s vintage air defense bases, they included well known bases with long military traditions such as the Presidio of San Francisco and Fort Sheridan, Illinois. Though closed, the work of property disposal and environmental remediation will continue for several years. The Army is pleased to report the completion of all BRAC 1988 closures and realignments in the time period directed by law.

**BRAC 1988 FINANCIAL SUMMARY.** The one time cost to implement was \$1,350,602,000. The one time savings during implementation were \$721,011,000. Annual recurring savings of \$259,611,000 began in Fiscal Year 1996. Additionally, property sales have produced \$72.2 million in revenues. We are disposing of 125,000 acres of property, over 25 million square feet of facilities and 2,571 housing units.

**BRAC 1988 ENVIRONMENTAL CLEANUP AND COMPLIANCE.** Of the 111,075 acres identified as Community Environmental Response Facilitation Act (CERFA) clean by the Army, regulatory agencies have concurred in 15,226 acres. We try to resolve differences when property is documented as suitable for disposal. Cleanup is complete at 431 of 834 (52%) sites. Approximately 75% of our funds are for cleanup with the remainder going for studies and investigations. Eleven BRAC cleanup teams and nine Restoration Advisory Boards work on these environmental issues.

**BASE REALIGNMENT AND CLOSURE 91 (BRAC 91)**  
**BASE CLOSURE ACCOUNT (BCA) II**

**BRAC 91 OVERVIEW.** Public Law 101-510, the Defense Base Realignment and Closure Act of 1990, established a new process for base realignment and closure actions in the United States through 1995. The first phase of this new process is referred to as BRAC 91 and the funding account is referred to as BCA II. The

Army is currently in the fifth year of the six year execution period. During Fiscal Year 1996, the Army will continue environmental studies and remediation, award remaining military construction and relocate functions to other installations. The Army has closed four of its five BRAC 91 closures; Harry Diamond Laboratory, Woodbridge, Virginia; Sacramento Army Depot, Sacramento, California; Fort Benjamin Harrison, Indiana; and Fort Ord, California. We complete the last of the BRAC 91 closures with Fort Devens, Massachusetts in 1996.

**BRAC 91 FINANCIAL SUMMARY.** One time implementation costs during the period Fiscal Year 1992-Fiscal Year 1997 total \$1,402,292,000. The largest component is military construction, which accounts for 38% of the program. Savings during the same period are \$1,181,201,000, primarily due to the elimination of 5,648 civilian positions and reduced operating costs for installations being realigned or closed. Recurring savings are estimated to be \$303,825,000 starting in Fiscal Year 1997. Proceeds from land sales are anticipated to be \$44,300,000 million. Our original estimate of \$754,000,000 has dropped because the President's Five Part Community Reinvestment Program promotes job creation and expeditious reuse instead of property disposal based on fair market value. In addition, federal agency claims reduce the amount of property that is available for sale.

**BRAC 91 ENVIRONMENTAL CLEANUP AND COMPLIANCE.** Five BRAC cleanup teams and five Restoration Advisory Boards are working at closing sites. Of the 28,464 acres identified by the Army as Community Environmental Response Facilitation Act (CERFA) clean, regulatory agencies have concurred in 15,003 acres. We are working to resolve differences when property is documented as suitable for disposal. Cleanup is complete at 88 of 234 sites (38%). Approximately 77% of funds are spent on cleanup and the remainder is spent on studies and investigations.

#### **BASE REALIGNMENT AND CLOSURE 93 (BRAC 93) BASE CLOSURE ACCOUNT (BCA) III**

**BRAC 93 OVERVIEW.** The Army is in its third year of a six year execution period. During Fiscal Year 1996 the Army will continue appropriate environmental studies, award military construction and realign functions to other installations.

**BRAC 93 FINANCIAL SUMMARY.** One time implementation costs during the period Fiscal Year 1994-Fiscal Year 1997 total \$340,858,000. The largest portion is for operations and maintenance expenses, which account for 41% of the total costs. Savings during the same period are \$206,892,000, primarily due to the elimination of 1,113 civilian positions and reduced operating costs of installations being realigned or closed. We estimate

our recurring savings to be \$67,727,000 starting in Fiscal Year 1999 and expect no proceeds from land sales.

**BRAC 93 ENVIRONMENTAL CLEANUP AND COMPLIANCE.** Three BRAC Cleanup Teams and two Restoration Advisory Boards (RAB) are working to accelerate cleanup. Of the 1,506 acres identified by the Army as Community Environmental Response Facilitation Act (CERFA) clean, regulatory agencies have concurred in 790 acres. We are working to resolve differences when property is documented as suitable for disposal. Cleanup is complete at 28 of 63 sites (44%). Approximately 75% of funds are spent on cleanup and the remainder is spent on studies and investigations.

**BASE REALIGNMENT AND CLOSURE 95 (BRAC 95)  
BASE CLOSURE ACCOUNT (BCA) IV**

**BRAC 95 OVERVIEW.** The Army is in its first year of a six year execution period. We programmed all military construction in the first three years and initiated planning and design for projects in Fiscal Year 1996 and 1997 to permit accelerated execution. The Army Audit Agency checks to see projects are legitimate expenses for the BRAC account and ensures buildings have proper sizes so we use limited resources prudently. The few projects programmed in Fiscal Year 1996 will be ready for award in the second or third quarter. We expect a one year design period for all Fiscal Year 1997 construction projects and contract awards early in the fiscal year. Environmental baseline studies are underway.

**BRAC 95 FINANCIAL SUMMARY.** The budget request for Fiscal Year 1997 is \$399,004,000. One time implementation costs during the period Fiscal Year 1996-Fiscal Year 2001 are currently estimated to total \$2,100,597,000. Savings during the same period are \$1,325,033,000, primarily due to the elimination of 2,451 civilian positions in the Army and reduced operating costs of installations being realigned or closed. An additional 1,371 positions from DoD's medical program are being eliminated as a result of the closure or realignment of medical facilities at our installations. We estimate recurring savings to be \$391,560,000 starting in Fiscal Year 2002 and expect no proceeds from land sales.

**BRAC 95 ENVIRONMENTAL CLEANUP AND COMPLIANCE.** We have started environmental baseline surveys and are ahead of schedule.



**SUMMARY**

Closing and realigning bases saves money that otherwise goes to unneeded overhead and frees up valuable assets for productive use. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. Yet this is not just a cold business matter, because when we close or downsize a base we leave behind part of the Army family. Leaving is hard because our installations are part of the fabric of many great communities. We owe them our best efforts to help recover from the loss our departure creates. This keeps us dedicated to the rapid reuse of our installations so local communities can realize the opportunities that base closures can bring. When BRAC is complete, we will be able to look back on what we accomplish together and be proud of our contributions, not only to many local economies, but to our Army and country as well.

Mr. Chairman, this concludes my statement. Thank you.

Mr. HEFLEY. General Miller.

**STATEMENT OF MAJ. GEN. FRANK L. MILLER, JR., ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT, DEPARTMENT OF THE ARMY**

General MILLER. Mr. Chairman, members of the committee, I am Maj. Gen. Frank L. Miller, Jr., the Assistant Chief of Staff for Installation Management. It may be worthy to note that the Assistant Chief of Staff for Installation Management is only 2 years old in our Army. It was a new staff position created to manage base operation and construction for the entire Army in a more productive manner. It is an honor to return here today and present the Army's military construction, family housing, and a couple of comments on BRAC.

Our military construction request is \$435 million within an Army family housing program of \$1.3 billion. This budget supports our top three priorities: barracks, family housing, stratmob—strategic mobility. Our needs for family housing and barracks are greater than the resources available. We have 230,000 barracks spaces and 121,000 family housing units in our inventory. Based on the analysis of our commanders and installation status reporting system, most of these facilities are either marginal or in an unsuitable condition. For family housing, 82 percent are rated either red or amber, while our barracks are only slightly better at 81 percent. Since 1989, we have reduced our family housing inventory by over 23 percent, 37,000 units. These reductions have been mainly overseas or at closing BRAC installations. At the same time, our operation and maintenance funding levels have decreased in constant terms about 30 percent. We are falling behind in our fight to maintain our inventory.

We want to implement the housing privatization legislation approved last year at seven installations, the largest being at Fort Carson, CO. We believe this is the way to leverage our available resources most efficiently. The fiscal year 1997 military construction budget includes \$232 million for the whole barracks renewal program. The barracks projects constitute over 60 percent of our construction projects. We will provide new barracks at eight locations in the United States and Korea to house 3,300 soldiers. This program will replace 4 percent of the gang latrine barracks we are currently using.

In addition to new construction, our repair and our real property maintenance program includes funding to maintain existing barracks until they can be upgraded, a program called Bridging the Gap. This year, we have \$134 million in our budget for this effort. We believe this two-pronged approach, construction, maintenance and repair, is essential to correcting the barracks situation.

I will end with a couple of comments about the base closure and realignment program. Closing and realigning installations have been a part of the Army's reshaping efforts for the past decade. We will close over 100 million square feet of facilities in the United States. An additional 180 million square feet will be closed overseas. With approval of BRAC 1995 last year, we entered the final stage of a fairly arduous but successful process to reshape our infrastructure. We have already initiated the 29 closures and 11 re-

alignments that Mr. Johnson talked about. The Army is accelerating all BRAC actions to obtain savings and return assets to the private sector as quickly as feasible. During the BRAC implementation process, we are committed to taking care of our people. There are more than 3,171 people impacted by BRAC 1995. We want to make early redevelopment possible and continue our stewardship of the environment in that entire process.

Mr. Chairman, approval of our family housing and military construction base closure programs will provide the minimum level of facilities funding in the total funding available to the Army. Sir, this concludes my comments. I will be followed by Major General Navas, Director of the Army National Guard. Thank you.

**STATEMENT OF MAJ. GEN. WILLIAM A. NAVAS, DIRECTOR,  
ARMY NATIONAL GUARD**

General NAVAS. Mr. Chairman, distinguished members of this committee, I am Maj. Gen. William A. Navas, Jr., Director of the Army National Guard. It is a real pleasure to be again before this subcommittee to present today the Army National Guard's military construction budget request for fiscal year 1997.

Our budget request includes \$7.6 million in appropriations and \$14.3 million in authorizations. The appropriation request includes \$5.5 million for unspecified minor construction and \$2.1 million for planning and design. The authorization request also includes \$4.9 million for two critical major construction projects and \$1.8 million for design.

Mr. Chairman, as we move into fiscal year 1997 and into the 21st century, we see the Army National Guard in transition by the dynamic changes to our force structure but remaining a relevant force building in the traditional values of our commitment to community and Nation. We are an integral part of the first line of defenses for our Nation, a trained, ready, seasoned army of about 370,000 soldiers in 3,000 units and in 2,700 communities nationwide.

The Guard has been a capable force since the war of 1637 to the last deployment we have done to Bosnia for Operation Joint Endeavor. The Guard is an accessible force. We have proven this time and again. The Guard also is an expansible force. Five times during this century, the Guard has had the framework in which to build a larger army to deal with the growing threats that we have had in our century. And also, the Guard is affordable. We provide over half of the combat power of America's Army, a third of its combat support and combat area support at about one-tenth of the cost of the Army's budget.

The Guard today is accomplishing new missions and taking on new responsibilities in addition to its historic domestic and international roles. As a footnote, by the end of 1999, 70 percent of the field artillery in the Army is going to be in the National Guard. To do this, we have to have higher-quality soldiers trained and equipped at a higher degree of readiness than ever before, and we need to have the support of our communities, our families, and our employers to keep our citizen soldiers ready.

But the most critical element I see in getting our soldiers ready is time. For the citizen soldier, time is the most precious commod-



ity, which means we must minimize the distractors to training time. We need to cut that additional travel time that it takes to get our soldiers to their training sites. We need to cut on the backlog and the time it takes to maintain old equipment, and we must also reduce the overtime that it costs by working around unsafe, dysfunctional, and sometimes obsolete facilities. We have an obligation to provide this to our soldiers.

Modern facilities enhance our training, enhance our maintenance capability, and enhance our ability to be stewards of the resources that we are handed to be able to deal with our mission. So adequate facilities are basically necessary for the level of readiness that the American people demand of our soldiers.

In summary, the Army National Guard proves to be an important part of America's Army, and with your support will continue to be a more valuable and much more cost-effective force in the defense of our Nation and our community. On behalf of all of the citizen soldiers of the Army, I want to thank you for the continued support that this committee has given to the Army National Guard not only in previous years but historically. On a personal note, I am delighted to be back at the Army National Guard and again testifying before this committee as I did many years ago as a Deputy Director of the Army Guard.

I will be followed by Brigadier General Helmly, the Deputy Director of the Army Reserve.

#### **STATEMENT OF BRIG. GEN. JAMES HELMLY, DEPUTY CHIEF, ARMY RESERVE**

General HELMLY. Mr. Chairman and distinguished members of the committee, I am Brig. Gen. James R. Helmly, deputy chief, Army Reserve. I am honored to be here today representing the men and women citizen soldiers of America's Army Reserve to present the Army Reserve's military construction budget request of \$48,459,000 for fiscal year 1997.

The Army Reserve is an integral part of and an essential partner in America's total Army. In addition to relying on Army Reserve forces to deploy and support major forces for war fighting, the Army is increasingly dependent on its reserve for support of contingency operations such as Bosnia and Haiti and for accomplishing daily operational support missions across the broad range of routine Army missions at home and abroad, including the relatively new mission, as you noted earlier, of operating selected major formerly active Army installations. Army Reserve units and soldiers will continue to respond to the Nation's security needs missions into the 21st century on an ever-increasing basis. To be ready, they must have the attendant resources. These include the necessary facilities to train, support, and sustain our forces.

The organization, roles, and missions of the Army Reserve dictate the need for approximately 1,400 facilities, consisting of more than 2,700 buildings and structures across the Nation. These currently have an average age of approximately 31 years.

The fiscal year 1997 military construction Army Reserve budget request of \$48,459,000 is admittedly austere. It reflects today's realities of maintaining near-term force readiness in an environment of increasingly constrained resources. Further, it accurately rep-



resents our highest-priority projects. The MCA appropriation includes three types of funds.

Major construction: For fiscal year 1997, our budget request of \$44,979,000 will fund the construction of two new Army Reserve centers, four addition and alteration projects at existing Army Reserve centers, and one construction project of an equipment concentration site with full-time maintenance support and warehouse facilities.

The second appropriation of unspecified minor construction is based on anticipated demand for funds and the availability of unobligated prior-year funds. This year, the Army Reserve has adjusted its budget request to include no funds for unspecified minor construction. Our budget request for planning and design for fiscal year 1997 is \$3,480,000.

In conclusion, America's Army Reserve is committed to give America and the remainder of the Army the best value for its investment in supporting our current national military strategy. I would like to thank you on behalf of the men and women citizen soldiers in America's Army Reserve for the support that you and the Congress and the American people have provided your Army Reserve over these many years. We are most grateful for your continued support.

I will turn now to Mr. Johnson.

Mr. JOHNSON. Thank you.

Mr. Chairman, we would be glad to answer any questions as appropriate for each individual who is at the table.

Mr. HEFLEY. Thank you, Mr. Johnson and panel. Thank you very much.

Let me just ask a quick question of General Navas. Last year, we told you if you wanted any armories in the National Guard, put it in the budget so that we would know that is a priority with you. Since you have not done that, can we make the assumption that you want no armories, and you would be offended if we forced any on you?

General NAVAS. Sir, again, I was not here last year.

Mr. HEFLEY. No, you were not here.

General NAVAS. And the issue here is an issue of priority.

Mr. HEFLEY. So armories are not your priority?

General NAVAS. Well, they are a priority. It just sometimes does not make the cut. If I could explain to you what our issue is, we have two armories in our budget this year. We have one in North Dakota, in Bismarck, which is an Army Aviation Support Facility, and then, we have a range. But the issue with us is as the Army gives priority to short-term readiness and defers some of their modernization and some of their recapitalization programs, we in the Army National Guard have had to tier our readiness to where we put a higher priority in our personnel and operations and maintenance accounts for our higher-priority units, our early-deploying units, and we have funded at a bare minimum our lower-priority units, the units that are not requested to deploy earlier on.

Consequently, also as we build our whole budget, given our sole obligation authority, we have had to defer some of our construction of armories to later years. This does not mean that they are not a priority unit. It means that basically, we have higher competing

priorities for near-term readiness, which is basically our primary mission.

Mr. HEFLEY. Mr. Ortiz.

Mr. ORTIZ. For the sake of time, I think my good friend Congressman Browder has another meeting, and I yield to you for a question.

Mr. BROWDER. Thank you, Mr. Ortiz.

Mr. HEFLEY. Mr. Browder.

Mr. BROWDER. A very quick question, Mr. Johnson. Are you able to give me any kind of a status report on the community's request at Fort McClellan regarding the configuration of the Reserve enclave?

Mr. JOHNSON. That is very timely. As a matter of fact, I had a meeting yesterday, and I think they have come up with what they want, with some sort of an agreement. And I also got a letter this afternoon. Actually, they want a 30-day extension, which we had mentioned before, so that they could get together with the National Guard. That report will be in the National Guard bureau within a day or two, and then it will come to us for final resolution. I believe we are on the right track.

Mr. BROWDER. You believe we are on the right track?

Mr. JOHNSON. Yes, sir.

Mr. BROWDER. For the 30-day extension?

Mr. JOHNSON. We will give them a 30-day extension.

Mr. BROWDER. But the resolution of the issue will hopefully be a positive resolution?

Mr. JOHNSON. Well, I think so, because they have gotten together and have agreed on the size and the buildings and whatnot, and when they put that together, they will come forward with it.

Mr. BROWDER. Thank you.

Mr. JOHNSON. And they had the meeting yesterday, and they told me they are in agreement.

Mr. BROWDER. Thank you, Mr. Johnson.

Mr. Ortiz, I appreciate your letting me go ahead of you.

Mr. HEFLEY. Thank you, Mr. Browder.

Mr. Ortiz.

Mr. ORTIZ. Mr. Johnson, I noticed that the Army request does not contain any funding for construction of depots. What plans does the Army have to ensure that our depots remain modern, up-to-date maintenance facilities? Why do we not see any funding requests for depots this year? Are there no construction needs or priorities, maybe? Can you give me an explanation as to why we do not see any funding?

Mr. JOHNSON. Again, it is a matter of priorities and near-term readiness. And I would like to ask General Miller to expand on that, if you would like.

General MILLER. Sir, there are a number of moving parts to the depot issue. General Wilson and I had a long discussion about 2 weeks ago. There is the privatization effort that is ongoing; there are some issues that involve excess capacity in the depots; they are relooking the entire piece: depot capabilities, looking at the definition of core, looking at some of the other impediments to privatization in the past such as the 60-40 rule, \$3 million rule, et cetera before we commit what scarce construction funds we have right



now to depot facilities. We have a meeting scheduled in the June/July timeframe where AMC will be a prominent player to come in and lay out the depots that they want now and for the future, and we will apply the necessary resources to bring them up to whatever state they need to be in to accomplish the missions that they have.

Mr. ORTIZ. So if I am correct, do you mean that even after we went through the BRAC closure commission, the Army does not know what depots they want to keep open?

Mr. JOHNSON. Sir, we know what depots we want to keep open, but there are also some privatization opportunities, and when we start changing some of the definitions and rules, it has an impact on that. And that came after BRAC.

Mr. ORTIZ. So how soon will we know as to what areas you are looking to privatize?

Mr. JOHNSON. Sir, I would anticipate around June or July, we should have that nailed down pretty much.

Mr. ORTIZ. And the reason I am asking is because I think that—and this is a parochial question—I do have an Army depot, the only helicopter facility in the world where we do repair for Army helicopters. And I think that the local facility and the local workers there save the Army and the United States taxpayers millions and millions of dollars.

Mr. JOHNSON. Yes.

Mr. ORTIZ. And I would like for somebody from the Department of the Army to come talk to me, because I would like to know—I just hear rumors that they are going to privatize this and that, but I have 3,500 employees who are up in arms about this, and I would like to maybe have the courtesy of one of you come to talk to me about this if you may.

Mr. JOHNSON. Sir, I would be happy to.

Mr. ORTIZ. Thank you. And I have another question that I would like to address, and this is a concern I have about Army assets and facilities which are located with activities of another service. In my case, I have an Army depot that is in a Naval facility. They are in charge of the real estate. How does the Army work with other services to ensure that its real property maintenance, that their priorities are addressed by the host facility of another service? In terms of tenant facilities or property, is it determined by the whole facility of the tenant? How does this work? Maybe you can enlighten me.

Mr. JOHNSON. Sir, there are two processes that are ongoing right now, and both of those are being looked at with great scrutiny. We are redefining what reimbursables are not only within the services but between the services. I assume that you are speaking of Corpus Christi?

Mr. ORTIZ. That is correct.

Mr. JOHNSON. Yes, sir; in the case of Corpus Christi, they have a \$22 million maintenance and repair requirement, a renovation requirement in that facility. If I had \$22 million, I would give it to Corpus Christi and say go fix your facilities. They are also a DBOF activity, and they charge off some of their maintenance and repair from their customers. So for normal, routine expenses that the tenant would not incur, this is, if there was a water main break, Corpus Christi should not have to share in the payment of

that, because they do not increase or decrease the cost. If it is something that Corpus Christi uses specifically, sole use, then they ought to bear the cost of that use. And, therefore, they have to be budgeted to contend with that. So in the case of Corpus Christi, sir, I would say for their maintenance and repair requirements, the \$22 million UFR that they currently have, if funds were available, it would go directly to that.

Mr. ORTIZ. And I can assure the General that we have had a good working relationship for many, many years.

Mr. JOHNSON. Yes, sir.

Mr. ORTIZ. And we want to continue that. But I get so many calls, because there is so much uncertainty. Maybe when you get the rest of the information, you would be so kind just to come and see me, and maybe we can sit down and talk about this.

Mr. JOHNSON. Certainly, sir.

Mr. ORTIZ. Thank you very much.

Mr. HEFLEY. Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

General Navas, how much money did you get last year for military construction, the final amount?

General NAVAS. Sir, last year, according to my records for fiscal 1996, it was \$137 million.

Mr. MONTGOMERY. How much?

General NAVAS. \$137 million, which amounted to \$119 million in add-ons, and the budget was \$18 million.

Mr. MONTGOMERY. That is a lot of difference from \$8 million, is it not? Now, unless we add on, you will get \$8 million, right?

General NAVAS. I beg your pardon, sir?

Mr. MONTGOMERY. Unless we add on in Congress, you will get \$8 million.

General NAVAS. Well, sir, I have \$14.3 million in authorization, \$7.6 million in appropriations. So I have to juggle this thing, because I have to generate about \$6.7 million in savings which I am not generating, or I need to cancel some projects. And up to now, I do not have any voluntary cancellations. So I have a \$14.3 million authorization that I have to execute with a \$7.6 appropriation. That is where I am today.

Mr. MONTGOMERY. I guess what you are saying is the \$8 million would be used to complete old projects; is that what you are saying? And then, you would still owe \$400,000, if I followed your numbers?

General NAVAS. Yes, sir; if I could take a minute, what happened here was we have \$14.3 million Presidential budget supplement that really was very austere. It is just your basic needs, which is an Army Aviation Support Facility and an armory in Bismarck; a range in Nebraska. That is \$3.6 million and \$1.3 million respectively. And then, I have \$3.9 million planning and design and \$5.5 million unspecified minor construction. There was an OSD PBD, a program budget decision—

Mr. MONTGOMERY. Now, where is that? I am totally confused. Was that last year's authorization?

General NAVAS. Sir, this is for this year, but the PBD was for previous years. So I was decremented by \$6.7 million based on significant and obligated prior year balances. Now, this is due to the



nature of the way we handle military construction in the Army National Guard. This is 5-year money which some States need to authorize these projects in the State legislatures. Some of the State legislatures are in a 2-year program. So basically, what happens is we obligate and we execute our construction dollars at the end of the 5-year period. So I have been asked to take down \$6.7 million and find savings to be able to execute that. So that is the dilemma that I am in. I have \$14.3 million in authorizations with \$7.6 in appropriations that I need.

Mr. MONTGOMERY. Well, the bottom line is if you just get \$8 million, what does that do to you?

General NAVAS. If I get \$8 million, I will try to build this armory and this facility at Bismarck, build this range, and that is basically it, sir.

Mr. MONTGOMERY. What are your needs? What do you estimate your needs for military construction?

General NAVAS. Sir, in an ideal world, we are looking at \$400 million a year through our program. Now, that would get us to the point where we would buy back our shortfall in about 57 years and basically do away with our backlog. That is in an ideal world. I mean, somewhere between \$8 million and \$400 million, that is basically where you would be in an ideal world.

Mr. MONTGOMERY. Mr. Johnson, do you want to comment?

Mr. JOHNSON. No, I agree with his figures. That is what his backlog is.

Mr. MONTGOMERY. My time is up. Thank you.

Mr. SAXTON [chairing]. General Miller, as you know, as we all know, we have been through, I think, four BRAC's, is that right?

General MILLER. Yes, sir.

Mr. SAXTON. Four? Paul can count them very well. And as a result of that, we have had smaller infrastructure, and at the same time, the size of our force has been coming down. At the same time, I am aware that we are leasing some commercial space in various parts of the country. Would it not make good business sense to try to consolidate out of leased space and into space that may be available on bases because of downsizing and BRAC and all of that kind of thing? And is there an effort like that going on?

General MILLER. Sir, you are absolutely correct. We have about \$300 million in leases. The vice chief of staff of the Army tasked me a couple of months ago to come up with a lease reduction program. We are working hard on that right now. Statistically, about 40 percent of our leases are in the National Capital Region. Another 30 percent plus involves USARC and Cadet Command. The remainder is out across the scope and breadth of CONUS. I recently sent a proposal up to the vice for a 40-percent reduction in lease cost, and they are working that issue as we speak, sir. We expect to see that reflected in the 1998-2003 POM.

Mr. SAXTON. Did you say you are aggressively pursuing consolidations?

General MILLER. Yes, sir.

Mr. SAXTON. Mr. Johnson is agreeing?

Mr. JOHNSON. Absolutely; so is the National Guard and the Reserves.

Mr. SAXTON. Very good.

General NAVAS. Provided that then, we could be able to build new facilities to get out of leased space.

Mr. SAXTON. Thank you.

General Navas, the Army Guard is currently undergoing review, and a variety of opinions exist as to the ultimate outcome, particularly of the combat division. How has this uncertainty affected your ability to get Guard MILCON projects included in the Army's budget submission?

General NAVAS. Sir, the Guard divisions are only part of our total structure. It is about 117,000 spaces out of about 367,000 spaces. And again, we have concentrated in our high-priority units. So basically, whatever comes out of the division redesign that we are involved in will have an impact on basically the modernized facilities to house the new mission and the new type of units that we are planning to convert a large portion of our combat force. That is something that is going to be put in the 1998-2003 POM as part of the Army plan to convert by the combat support and combat service support shortfall and remission elements of those combat divisions.

Mr. SAXTON. I believe General Miller testified a week or so ago here that their budget submission this year for the Guard and Reserve is about \$56 million. Do you think that is enough to meet your needs?

General NAVAS. Sir, that would be the minimum that we need to maintain a level of military construction commensurate with applying higher priority to other pressing needs of short-term readiness.

Mr. SAXTON. General Helmly, will you comment on the same question?

General HELMLY. Sir, of seven projects this year, six are to our force support package. That is our highest priority unit. It is adequate, given the priorities that have been established for near-term readiness. In general, I would say that our priorities mirror those of the remainder of the Army. Long term, we have concern about the robustness of our maintenance and repair across our real property, but that is no different than the remainder of the Army. So ours is adequate given our established priorities across the Army, and we have applied that in accordance with the Army's priorities, again to the force support package units, our highest-priority units.

Mr. SAXTON. General Helmly, a few weeks ago, the Office of Installations and Housing sent over to us a packet of information on upcoming hearings, the one that was held on March 11 and today's. And included in it was this little graph, and I know that you probably cannot see it, but it is the military construction for the Army Reserve program, and it shows what is referred to here as installation requirements added to fiscal 1996 and beyond. And it shows it moving from about \$140 million a year in fiscal year 1995 to a requirement of about—it appears to be somewhere around \$185 million for fiscal years 1996 and 1997.

During that same period of time, the amount that we have authorized and appropriated has gone from about \$100 million a year in 1994 to what appears to be around \$50 million—or \$46 million, somewhere in that category—for fiscal 1997. In other words, the Reserve says or you all are saying that our requirements have in-



creased dramatically, and yet budget submissions come over here reduced dramatically. And to me, that is a disconnect. I do not understand.

General HELMLY. Clearly, Mr. Chairman, that is not the only disconnect we see. This was a timing occasion, if you will. Command and control of four formerly major active Army installations was transferred to the Army Reserve in December of calendar year 1993. Those were Fort McCoy, WI.; Fort Hunter Liggett, CA.; the Parks Preserve Forces Training Area, CA; and Fort Pickett, VA. At the time those were transferred, none of those installations had major construction Army projects programmed for them. However, as is the case between the budget and the absolute requirement, such as was questioned and answered earlier by the National Guard witness, the Army did have outstanding military construction requirements. Those then became additive to the Army Reserve's top line. And thus, that is the spike that you saw in fiscal year 1996, where we went from about \$139 million. We added \$47 million in backlog of construction on those four installations for a total of \$186 million.

We did receive the appropriate operations and maintenance transfer of funding from the active Army to operate those installations adequately. Again, they had no outstanding projects on them, but the backlog was concurrently transferred to our books. So that is the reason for the spike that you see in that particular year.

Mr. SAXTON. Well, does that requirement line represent a real need?

General HELMLY. In the sense that the Army has an overall military construction backlog, it is a part of that overall backlog, and, therefore, is a real need.

Mr. SAXTON. So we are going the wrong way in terms of our authorizations and funding in terms of meeting a real need; is that correct?

General HELMLY. Yes, sir; the total Army is. Again, that was simply a transfer from the active component books to our books. It would have been a real need no matter where you put it, because the installations belong, again, to the Army.

Mr. SAXTON. Now, as you were running down your list, I noticed that you did not mention Fort Dix, which is in the process of being transferred. Is that why it was not mentioned?

General HELMLY. That is correct, sir. It is not formally transferred to us.

Mr. SAXTON. That is all I have.

Mr. Abercrombie.

Mr. ABERCROMBIE. Just one. I hope that this was not asked, Mr. Chairman, while I was out, and I apologize. But I paid close attention to what is here. I am not sure who to ask; I think it is General Miller. In part one, the military construction et al., page 3 of your presentation, you have a paragraph, the third one down on the Army committed to improving single-soldier quality of life, where you talk about the one-plus-one standard, et cetera. And what you say there is, "We will use the Payment-in-Kind Program to improve barracks in Europe, and we will begin to program military construction in the later years for our Future Years Defense Plan. Our objective is to sustain existing barracks at their current condition

and, wherever possible, focus operation and maintenance funds through the Bridging the Gap Program."

Well, my question is that one of the points made to us in our background work was that the other services are programming barracks construction projects in Europe, and the Army is not. But that is not what I read from this. Is it correct for me to take it that your version of programming for barracks construction in Europe is the Payment-in-Kind Program? Or I am not necessarily sure that I understand it, or I may understand it in a way that is different than it actually exists in Europe. That is what I am trying to find out.

General MILLER. Sir, currently, we get about \$15 million a year in payment-in-kind money that is being applied to barracks in Europe. Additionally, there are RPM dollars, Bridging the Gap dollars, that also go to Europe. This year, Europe has come in with a request for MCA. You will note in our construction program that we have an MCA project in Italy this year because payment-in-kind does not get to Italy. And so it allows Europe to use the PIK money that they have. They can concentrate those resources in Germany where the biggest need arises.

In the past, we have not had an MCA barracks construction program for Europe. We are currently relooking that. General Crouch has been in. He has asked for a specified amount. That will go on the table with everything else. As you heard Mr. Bayer say, there is great interest now in providing MILCON MCA for barracks in Europe, and we are going to address that issue in the 1998-2003 POM, sir.

Mr. ABERCROMBIE. But you see the sentence there. It says definitely: "We will use Payment-in-Kind Program to improve barracks in Europe."

General MILLER. Yes, sir.

Mr. ABERCROMBIE. That means what it says?

General MILLER. That is correct, sir.

Mr. ABERCROMBIE. So you do not see a need for us to interject other funding at this time?

General MILLER. Sir, we are going to ask you for—

Mr. ABERCROMBIE. In other words, we are going to have to make decisions here, within this committee, about how we allocate resources; and if extra money can be found, we are going to have to figure out how to do that. And I can assure you that at least as how this subcommittee operates—and I think the committee as a whole—we try to be as nonpartisan as possible. In other words, there are not favors being played. So these are the kinds of things that I have to have clear in my mind so that I do not make—I will not comment on the kind of decisions that I make, but I will try to make them as intelligently as I can.

General MILLER. Sir, if I had extra money today, I would put some MCA in Europe, and I think the senior Army leadership would support that as well.

Mr. ABERCROMBIE. Thank you.

That is all I have.

Mr. SAXTON. Gentleman, there has been significant reduction in the construction of new units of family housing and in the Army construction improvement accounts. More disturbing is the 57-per-



cent reduction in the estimated program for fiscal year 1997 that was submitted to the subcommittee a year ago. Could you explain the sizeable and very serious shift in Army planning for family housing over the past year? Please, whoever feels comfortable.

General MILLER. Sir, the Army family housing program has been reduced over previous years. There are two strategies: No. 1, given the available money that we have, we want to get the greatest value added. With the capital venture initiatives—and our time line says 1 October of this year, calendar year 1996—we will have hopefully the lessons learned off of our capital venture initiatives; and we want to move out aggressively on privatization so that it gives us some opportunity to push some of those funds around to other high-priority projects.

Mr. SAXTON. General, has there been a change over the last year? A year ago, we estimated a number; and 1 year later, when I have not seen the change or the necessity to change or reduce to the tune of 57 percent, what was the rationale? Or what is the rationale, I guess I should say?

General MILLER. Sir, I think the rationale is best value for the dollars. Given, in 1994, we had about \$301 million. In 1995, we had \$349 million. In 1996, we had \$632 million, which is plus-81-percent over the previous year. For 1997, we are asking for \$526 million, which is minus 17 percent. The priorities have not changed. Those are our top three priorities.

Mr. SAXTON. Anybody else?

Mr. Johnson, would you like to comment?

Mr. JOHNSON. Well, we did get an extra \$100 million from the SecDef quality of life funds, and we applied that to family housing. That allowed us to open some of the housing that had been closed. But our request this year is \$526 million, down 17 percent.

Mr. SAXTON. General Miller, in your earlier testimony before the Subcommittee on Modernization Issues, you indicated that about 20 percent of the Army's facilities are "unsuitable, either due to unacceptable conditions or inability to meet mission requirements." So let us explore the latter part of your statement: What are the readiness and training implications of underfunding and low levels of recapitalization. If you could, please, cite some examples for us.

General MILLER. Sir, in our priorities, we have stratmob. I will give you an example: Fort Hood, TX needs to be able to ship about 300 rail cars a day in order to get their two divisions out. They have some rail spur requirements to up that capacity to 380 rail cars, which is what is really needed. So the fact that we have 20 percent of our facilities in a red condition does not give us the capability to project the force in either the quantity or time frame that we think we are going to have to do it to contend with a variety of contingencies. Additionally, if you look at our admin and teaching facilities, it does not allow us to leverage the technology we would like to leverage with distance learning and distributed learning, which we think has great utility for saving dollars down the road.

And so, the red condition of our facilities impacts our ability to project the force, leverage technology, and get a dollar's worth of benefit out of every dollar that we currently have.

Mr. SAXTON. Mr. Johnson, would you like to comment?

Mr. JOHNSON. No, thank you. All I can say is 80 percent of our family housing and barracks are marginal or unsuitable. More than half of the strategic mobilization facilities are marginal or unsuitable, and that is two of our top priorities. We have got to work on that.

Mr. SAXTON. Thank you.

Listen: I have heard it said that the military construction program is adequate-sized to meet the current requirements of the services, at a minimum, two or three times larger than the current program supports. In an unconstrained fiscal environment, what would be the level of funding for military construction programs of the Army to accommodate modernization and recapitalization, improve quality of life for service personnel and their families, and buy out lingering facility deficiencies? How much money do you need to do all of those things?

General MILLER. Sir, if I could take 30 seconds, one of the great challenges in the base ops business is how do you establish requirements and set standards so you have a predictable environment today and will down the road? And clearly, we have not had that degree of objectivity in this entire process. We are in the process of working that very hard. Installation status report, I think, reflects that; taking ACOE to the Baldrige criteria I think supports that; using activity-based costing to cost services, activities and functions that we are required to perform I think supports that.

With the current mechanisms in place, we estimate that we need about \$1.1 billion to take a big bite out of BMAR and DMAR and make up that delta of 30-percent shortage in facilities that we currently have. I am fairly sanguine in that number based on the criteria we have today. Once we get ISR and other objective—

Mr. SAXTON. I am sorry.

General MILLER. Sir, once we get the other objective tools in place, and we go take a good, hard look at Europe and Korea and Japan and so on and so on, then I think we are going to be able to give you a much better number that potentially has greater value added. But when you look at since 1989 to the present, how much we have come down and then trying to reshape the infrastructure to accommodate that, and when I look at the fact that I have not put very much money into water systems and sewer systems and electrical distribution systems but just look at the explosion in servers and routers and other automation things, sir, we are just a little bit behind the power curve in giving you the best number possible. But with utilities privatization and leveraging the experts to help us get ahead of the power curve and all of the other initiatives that are going on, I think we are going to be in a very good posture to tell you what the no shucks, absolutely best number is down the road. But right now, our best estimate is \$1.1 billion.

Mr. SAXTON. OK, well, thank you very much.

Mr. Johnson, do you have anything to add?

Mr. JOHNSON. No, thanks. That is just for the active?

Mr. SAXTON. General Navas, go ahead.

General NAVAS. Well, the answer for the Army Guard would be about \$400 million a year over the next—

Mr. SAXTON. Into the foreseeable future?



General NAVAS. Yes, sir.

Mr. SAXTON. \$400 million a year?

General NAVAS. Yes; traditionally, we have gone from a high of \$313 million in 1991 to basically a low of \$137 million last year. But in order to be able to do the things that we would do, that would be the requirement.

Mr. SAXTON. Is that maintenance and repairs as well as MILCON or just MILCON?

General NAVAS. Sir, that is MILCON. Maintenance and repair is basically a different appropriation, and we are dealing with that also. But that is a major problem too.

Mr. SAXTON. Thank you.

General Helmlly, would you like to comment?

General HELMLY. Yes, sir; our revitalization and backlog buyout over a 25-year period, which is the standard period, is \$186 million, and that goes back to the question you asked me earlier, sir, about the spike in the chart. That was the additive to our previous number. It comes up to the total of \$186 million. The additive part for the installations was \$47 million. And again, that was just a wash from the AC books to our books.

Mr. SAXTON. Let me ask you a question just of personal interest. I was out at Fort McCoy a year or so ago, and I happened to be very interested in comparing that base to other bases. And I noticed there was a large amount of housing that Reserves apparently use from time to time and that would apparently be used in time of mobilization. And it was very, very old. I would guess that it was World War II vintage and that the base is almost all World War II vintage with the exception of some modernization projects that have taken place here and there around the base.

Are those facilities that you would include in need to be modernized, need to be replaced? How do they score?

General HELMLY. Sir, they would score in the range of the backlog. But I would like to tell you that we have recently embarked on a new initiative at Fort McCoy, as an example. It is a very cold weather region. We are starting to, if you will, warm base facilities not just because of the weather, degrees of temperature, but when those facilities are not used. We have found out some ways that we can preserve them by not running heat and water to them. We cut that down; we save ourselves utilities; we extend the life of the facility. But all of our facilities are into a DOD cycle as to when the Department of Defense states we should plan to recapitalize that. That is what is additive to the revitalization and backlog of construction. So those are included in that \$186 million.

Mr. SAXTON. Are there many Army bases that have that large percentage of World War II housing still remaining?

General HELMLY. Sir, I would like to defer to General Miller. The Army has a policy on getting away from World War II wood. I do not have the details on that, where we stand on getting out of World War II wood.

Mr. SAXTON. General Miller.

General MILLER. Sir, about 36 percent of all of our square footage is consumed by Army family housing. And I am looking for housing square footage right now, but sir, I would prefer to get back with you.

Mr. SAXTON. I am not sure that this was family housing. I think this was barracks-type housing.

General MILLER. Sir, World War II barracks are coming down as we speak. I mean, the numbers change drastically every day. We have a major get-rid-of-World-War-II program ongoing right now. In the family housing business, the average age of our family housing units runs about 40-plus years. Historical houses are a lot older.

Mr. SAXTON. Does the Army have a cycle in terms of expectation for family housing and the age?

General MILLER. Yes, sir; we want to get on a 25-year cycle for revitalizing our Army family housing, about a 52-to 57-year cycle for all other facilities.

Mr. SAXTON. So it looks like no matter how we look at these issues that have to do with MILCON, we have got a lot of work to do.

General MILLER. Sir, we have got a lot of work to do, but we also have a lot of work to do. I have got about 170—give or take a few—million square feet of excess. Obviously, that excess is not all in the right place. Sometimes, it is in the absolute worst possible place. But I need to take that down, because it costs me FTE's, utilities, caretaker and so on. That gets cranked in to what the real construction RPM bill is. We have got \$300 million in leases, 42 percent plus or minus a couple of percentage points in the National Capital Region. In order to divest that out of the National Capital Region is a really difficult and complex decision. But there is money to be harvested there, but it also drives up the MCA bill.

When we look at Europe versus maybe Korea versus CONUS, there is some leveraging of available assets. Korea has 82 installations right now. Maybe they can come down to about 70. We are working that issue with them now. The same is true with Europe. So I think in the future, you are going to see our requirements come down based on the downsizing that is now at an end where we have got some stability where we can do the puts and takes and make some good value-added decisions. As those requirements come down, yes, sir, the bill for the future is not going to be insignificant. But I honestly do not believe it is going to be as significant as we currently estimate.

Mr. SAXTON. Thank you.

Mr. Abercrombie, you had a question?

Mr. ABERCROMBIE. Yes.

General Miller, will you please forgive me? I want to try to make sure that I understand this. You are dealing with it every day, and I am trying to catch up. I understand that you have the \$232 million—and I have the figures here—for barracks construction over eight sites, from Fort Hood to Camp Casey. And that is what I am presuming you mean when you say the \$232 million in investment this year, including \$30 million in Korea.

General MILLER. Yes.

Mr. ABERCROMBIE. Then, you go on and say that we will use the Payment-in-Kind Program to improve barracks in Europe, but I do not see that. I have been through all of these briefing papers. Unless there is a paper that I am missing, I do not see anything in Europe in terms of dollars.



General MILLER. In terms of PIK, sir?

Mr. ABERCROMBIE. I am referring to the same page that I did before, page 3 of—

General MILLER. Yes, sir; sir, there are no PIK dollars reflected in that paper. And I can send you the current PIK funding for Europe. It is about \$15 million for this year.

Mr. ABERCROMBIE. So I can say that there will be about \$15 million available for barracks renewal and/or construction?

General MILLER. About \$15 million this year, and there is about \$40 million in RPM.

Mr. ABERCROMBIE. And this will be concentrated in Germany and Italy?

General MILLER. It will be concentrated in Germany, sir.

Mr. ABERCROMBIE. OK.

General MILLER. That is why we added the—

Mr. ABERCROMBIE. Well, if you would not mind, I would just like to have that at some point for reference.

General MILLER. Roger, sir; will do.

[The following letter was submitted for the record:]



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT  
800 ARMY PENTAGON  
WASHINGTON DC 20310-0800



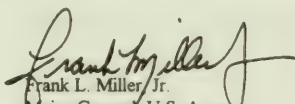
Honorable Joel Hefley  
Chairman, Subcommittee on Military Installations and Facilities, Committee on National  
Security  
House of Representatives  
Washington, DC 20510-6050

Dear Mr. Chairman:

In view of the ongoing Congressional interest in the Payment-In-Kind (PIK) portion of Residual Value and the need to complete the Fiscal Year 1997 Budget Request, we are providing PIK funding for Europe to complete your March 19, 1996 hearing transcript. Projected PIK funding for FY97 is \$93.3 million for both barracks and family housing.

We would like to thank you and your Committee for your continued support of the Army as we stand on the threshold of the 21st century.

Sincerely,

  
Frank L. Miller, Jr.  
Major General, U.S. Army  
Assistant Chief of Staff for  
Installation Management

cc: Honorable Solomon P. Ortiz  
Ranking Minority Leader

Mr. ABERCROMBIE. Thank you very much.

Thank you, Mr. Chairman.

Mr. SAXTON. Thank you. I do not believe we have any other questions at this time. The record will remain open for those who may wish to submit questions to be answered in writing.

Thank you very much for being here. We appreciate the great job you all do, and we will see you soon.

Mr. JOHNSON. Thank you very much, Mr. Chairman.

Mr. SAXTON. The hearing is adjourned.

[Whereupon, at 3:49 p.m., the subcommittee was adjourned.]

[The following letter was submitted for the record:]



# NCOA<sup>®</sup>

## Non Commissioned Officers Association of the United States of America

225 N. Washington Street • Alexandria, Virginia 22314 • Telephone (703) 549-0311

March 16, 1996

Honorable Joel Hefley  
Chairman, Subcommittee on Military  
Installations and Facilities  
Committee on National Security  
2340 Rayburn House Office Building  
Washington, D.C. 20515

Dear Mr. Chairman:

The Non Commissioned Officers Association of the USA (NCOA) appreciates your efforts to hold hearings on Fiscal Year 1997 Military Construction Authorizations. Copies of a statement prepared by NCOA are forwarded for review and possible inclusion in the subcommittee's hearing record.

Hopefully the comments and recommendations of NCOA will be beneficial to you and the members of your subcommittee as the tough military construction decisions are made for FY 1997.

Thank you in advance for any favorable consideration given to this request.

Sincerely,

Michael F. Ouellette  
Sgt Maj, US Army, (Ret)  
Director of Legislative Affairs

Chartered by the United States Congress





## **MILITARY CONSTRUCTION BUDGET REQUEST FOR PROGRAMS OF THE ACTIVE AND RESERVE COMPONENTS OF THE DEPARTMENT OF THE NAVY AND THE DEPARTMENT OF THE AIR FORCE**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE,  
*Washington, DC, Thursday, March 21, 1996.*

The subcommittee met, pursuant to notice, at 1:43 p.m., in room 2212, Rayburn House Office Building, Hon. Joel Hefley (chairman of the subcommittee) presiding.

### **OPENING STATEMENT OF HON. JOEL HEFLEY, A REPRESENTATIVE FROM COLORADO, CHAIRMAN, MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE**

Mr. HEFLEY. The committee will come to order. The Subcommittee on Military Installations and Facilities meets today to continue its consideration of the fiscal year 1997 budget request for military construction, family housing and base closure and realignment programs for the Department of Defense. We will begin this afternoon with an examination of the programs of the active and reserve components of the Department of the Navy, including the U.S. Marine Corps, and we will conclude with a panel representing the active and reserve components of the Department of the Air Force.

As I indicated in my remarks to open the subcommittee's proceedings earlier this week, the 1997 military construction budget is underfunded. While there are some bright spots in the requests, such as the increased level of commitment overall by the Navy to new barracks construction and the commitment of the Air Force to the maintenance of its family housing inventory, I am concerned that the administration continues a disturbing pattern of overall underinvestment in the revitalization of our military facilities.

We know we must improve the quality of life for military personnel and their families. I have been pleased with the level of attention that this issue has attracted at the highest levels of the civilian and military leadership of the Department of Defense and the military services. However, as I have discussed publicly, we cannot seem to attack both the troop housing and the family housing problem in a consistent manner from year to year. In addition, I remain concerned about the general modernization effort and the specific cuts to real property maintenance. I hope we can address candidly the effect of shortfalls in the facilities budget on retention, training and readiness.

Mr. Ortiz is not here. Mr. Montgomery, do you have any opening statement you would like to make?

Mr. MONTGOMERY. I will just submit his statement, Mr. Chairman, and we probably will not mention armories here today with the Navy. [Laughter.]

Mr. HEFLEY. Mr. Montgomery wants to know if the Navy has any armories or if you would like some armories. [Laughter.]

Thank you, Mr. Montgomery.

Without objection, that will be accepted.

[The prepared statement of Mr. Ortiz follows:]

Opening Statement, Congressman Solomon P. Ortiz  
Ranking Minority Member  
Subcommittee on Military Installations and Facilities  
March 21, 1996

Mr. Chairman, I want to thank you for holding the hearing this afternoon to discuss the military construction requests of the Navy and the Air Force. I join you in welcoming the witnesses.

As I have said many times, I believe military construction is significantly important to our nation's ability to have a ready and capable force. Mission support, quality of life projects, and environmental compliance are key factors in ensuring that our forces are able to meet the many challenges facing our military today. Without facilities modernization we will not be able to attract and retain top-notch personnel. We can have the most modern equipment in the world, but it will be practically worthless without a quality military force to man our systems.

In that regard, I want to commend Secretary Pirie and the Department of the Navy for the progress that has been made in beginning to implement the housing privatization authority that was provided by this Subcommittee last year. I am optimistic that the expansion of public-private partnerships will provide the financial leverage we need to stretch our limited construction dollars and address a serious backlog in barracks, family housing and facilities modernization.

My primary concern is that we protect the level of military construction funding provided for this purpose. If the top line for military construction funding is not maintained, then we will have failed at our mission to modernize facilities in a reasonable time frame and the push for public-private partnerships will have fallen far short of the goal.

I also continue to be very interested in the funding for base closure and cleanup. The funds dedicated to this mission compose a very substantial portion of the Department's military construction budget request. We must be careful to ensure that these funds are spent prudently with the appropriate level of Congressional oversight.

Again, Mr. Chairman, I appreciate your holding the hearing today and look forward to hearing our witnesses this afternoon.



Mr. HEFLEY. We have two panels today. Our first panel will present the 1997 budget request for the active and reserve components of the Department of the Navy, including the Marine Corps. And following our discussion on the Navy and Marine Corps budget request, we will conclude today with a panel representing the Air Force. It is my pleasure to welcome to the subcommittee Assistant Secretary Robert Pirie, Rear Adm. David Nash, Rear Adm. Dennis Vaughan and Brig. Gen. Thomas Braaten.

Mr. Pirie, please proceed on the Navy, and after you have finished with your oral remarks, I would ask each of the other panelists to make any additional remarks they would like to make, and let us make kind of a blanket statement at the outset that we will accept your statements in their entirety, and you can summarize them in whatever way seems appropriate to you.

So, Mr. Pirie.

**STATEMENT OF ROBERT PIRIE, JR., ASSISTANT SECRETARY  
OF THE NAVY (INSTALLATIONS AND ENVIRONMENT)**

Mr. PIRIE. Thank you, Mr. Chairman. I appreciate this opportunity to represent the Department with my colleagues here, and I do have a few summary remarks, if that is OK.

Mr. HEFLEY. Oh, surely.

Mr. PIRIE. But I will submit the longer statement for the record. I think that is appropriate.

In the area of family housing, it seems to me that we are doing better, especially in places like Hawaii and Norfolk and Naples, and we are particularly grateful for the support of the Congress for the Naples Support Area, which is going to be an enormous improvement to the quality of life of our people in that area. So I think that is a really good scene.

While we are doing better, we have got to face the fact that we will never catch up with what we really need by doing business as usual with the old system of military construction and public works maintenance. We have to look to these new authorities that you have given us to engage capital from the private sector. I am pleased to be able to say that the first such venture using the authorities that were in the fiscal year 1995 authorization act, the limited partnership authorities, are just about ready to be executed, and we are also planning to launch test programs using the new authorities in the 1996 authorization act in the fairly new future. And I can give you a list of those authorities for the record if you are interested, sir.

Mr. HEFLEY. I would be.

[The following letter and information were submitted for the record:]

DEPARTMENT OF THE NAVY, THE ASSISTANT SECRETARY OF THE NAVY, INSTALLATIONS AND ENVIRONMENT

*Washington, DC, September 23, 1996.*

Hon. JOEL HEFLEY,  
*Chairman, Subcommittee on Military Installations and Facilities,  
Committee on National Security, Washington, DC.*

DEAR MR. CHAIRMAN: Your letter of 5 September 1996 asked for additional information promised during your Subcommittee hearing held on 21 March 1996 on fiscal year 1997 Department of Defense military construction budget request. I am en-

closing the promised information regarding new housing authorities provided in FY-95 and FY-96.

The FY-95 Defense Authorization Act allowed the Navy to enter into limited partnership agreements to provide housing for our Sailors and Marines. The FY-96 Defense Authorization Act expanded this limited partnership authority to enable the use of a variety of methods to obtain housing, and extended the use of these authorities to all Services.

We used the FY-95 authority to initiate housing construction projects in the Corpus Christi/Kingsville, Texas area and in Everett, Washington. We have executed the Corpus Christi/Kingsville project and are now finalizing the Everett project using the newer authorization.

I regret the oversight in not previously providing this information earlier. If I can be of further assistance, please don't hesitate to let me know.

Sincerely,

ROBERT B. PIRIE, Jr.

Attachment

#### FISCAL YEAR 1996 HOUSING REVITALIZATION ACT SUMMARY OF AUTHORITIES

The Defense Authorization Act for Fiscal Year 1996 provides us with a variety of new authorities which allow us to obtain private sector financing and expertise to improve our housing situation. These new authorities can be used individually, or in combination. The authorities are:

(1) **Guarantees.**—These can be loan or rental guarantees. We can guarantee mortgage payments, directly or through an intermediary; or, we can provide a limited guarantee against base realignment and closure (BRAC), force reductions, or major deployments. Additionally, the Department can provide guarantees for mortgage insurance. Finally, DOD can guarantee rent and occupancy levels to assure that rental units are occupied to the level specified in the agreement.

(2) **Leasing.**—The Department may lease family housing units that have either been acquired or are newly constructed. A lease contract may include an operations and maintenance provision. The Department may also provide for an interim lease, and we may lease land.

(3) **Differential Lease Payment.**—This authority allows the department to pay the difference between negotiated rent and the Basic Allowance for Quarters/Variable Housing Allowance (BAQ/VHA) to make housing available to service members.

(4) **Investments.**—The Investment authority allows the Department to make investments in non-governmental entities involved in the acquisition or construction of family housing and supporting facilities. These investments can be in the form of Limited Partnerships for which the department provides cash, land, or facilities as equity. A limited partnership arrangement will operate purely as a private business. DOD will have no part in the management. Although there is no minimum cash contribution for any DOD investment in a project, there is a maximum cash contribution that we may offer. The Department may invest a maximum of 33⅓% of the capital cost of a project. Because all sites and projects are different, and because the Services will each prioritize their own projects, the full 33⅓% cash contribution may not be needed in each project. However, the department also has the authority to convey land or buildings as all or part of its investment. If they choose this route, they may not exceed 45% of the total capital cost if land or facilities are conveyed. For projects involving renovation, replacement, and support facilities, our total equity contribution may not exceed 45% of a project's capital cost.

As a Stockholder, DOD may be involved in management without losing limited liability. DOD could have considerable control over a project if it provides capital through loan, bond or mortgage.

(5) **Direct Loans.**—The Department may offer a Direct Loan. The title, land, and improvements will remain with the developer.

Mr. PIRIE. We still face questions and difficulties in the housing area, such as ensuring that allowances intended to provide our members access to decent and affordable housing really do that, balancing the equities between members in Government housing and those in private sector housing.

In the bachelor housing area, I believe we are doing better also, and you will note that the preponderance of this year's request is for bachelor housing. We are, in fact, requesting twice as much this year for BQ's as we did last year. The Department of Defense has



adopted a new BQ standard, which we call one-plus-one and which is described in my formal testimony. And as in the case of family housing, we believe that we must look for long-term solutions to our overall problem to private sector capital, private sector maintenance.

MILCON is a particularly difficult area for us. While we are giving priority to quality of life projects, I am concerned that we are not doing enough to replace and renew our mission support infrastructure, such as piers, hangars, runways, and the like. This reflects the top-level priorities of the Department of Defense: To protect readiness and quality of life. We are looking hard for efficiencies and support services for the infrastructure by regionalizing and privatizing them, among other things, and also attempting to develop a clear statement of the mission support infrastructure that is essential to fleet operations, but I would be less than candid if I told you that I am satisfied that we have a satisfactory answer to the need to recapitalize our infrastructure.

In BRAC, we face an enormous task of implementation in the next 2 years. We plan to complete 30 closures in fiscal 1996 and an additional 28 in fiscal 1997. Many of these will be major bases like Charleston and Mare Island. I know that many Americans question whether the heartache occasioned by the rounds of BRAC was really worth it and whether the projected savings are really there. The answer is "Yes, they are there." By the year 2001, we will have spent about \$10 billion on implementing BRAC; and by then, we will have realized \$10 billion in savings, that is, BRAC will have paid for itself by 2001. Each and every year thereafter, we will save \$2.5 billion. Our request for BRAC implementation funds has begun to decline in fiscal 1997 and will continue to decline because we have passed the peak of the required BRAC implementation MILCON.

Some of the affected communities have expressed concern there will not be enough BRAC funding to make the property available for reuse as soon as they would like. It is true that we could execute even more BRAC-related projects if more funds were available. However, it is also true that we have not had to delay any reuse schedules because of shortage of money, and we do not anticipate any need for such delays in the future.

In the past, we have had congressional constraints on BRAC environmental funding of two kinds: Either in the form of floors which say that you must spend at least so much or in the form of ceilings, you must spend no more than so much. These constraints are frequently unhelpful. In order to keep faith with the employees and communities affected by BRAC, we need to be able to assist reuse authorities with flexible response to their needs, which means being able to move BRAC money where it is most needed when it is most needed. The good results that we have had so far are directly attributable to having had this kind of flexibility, and I earnestly solicit your support in this area.

As you can see, my responsibilities in the Navy Department cover a fairly broad area and run deep enough to touch many lives. I have some hopes of getting our business in order to support the long run. If we expect our military strategy to be successful, then we may confront a protracted period without a major war. Then,

there are major challenges about how to maintain ready and capable military forces over the long haul. Many of the questions about this go to the support that we must provide. Specifically, if we are to accept the responsibility to see that all of our people are acceptably housed, how can we do this within predictable resource constraints? If we accept that the base structure we have must be supported over the long run and modernized at a modest rate, what stream of funding is needed to accomplish this? These are the kinds of questions that I think should engage our attention as we pause to ponder the future of our armed services.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Pirie follows:]



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RELEASED BY THE HOUSE  
NATIONAL SECURITY COMMITTEE

STATEMENT OF  
HONORABLE ROBERT B. PIRIE, JR.  
ASSISTANT SECRETARY OF THE NAVY  
(INSTALLATIONS AND ENVIRONMENT)  
BEFORE THE  
SUBCOMMITTEE ON MILITARY INSTALLATIONS AND FACILITIES  
OF THE  
HOUSE NATIONAL SECURITY COMMITTEE  
ON  
SHORE INFRASTRUCTURE & MILITARY CONSTRUCTION

21 MARCH 1996

NOT FOR PUBLICATION UNTIL  
RELEASED BY THE HOUSE  
NATIONAL SECURITY COMMITTEE

Good day, Mr. Chairman and members of the Committee. I am Robert B. Pirie, Jr., Assistant Secretary of the Navy for Installations and Environment. I appreciate the opportunity to speak to you today on the Department of the Navy's installations and facilities programs.

My statement will cover a number of areas:

- The need for quality naval facilities;
- Why we need to continue to reduce our infrastructure;
- Implementation of Base Closure and Realignment;
- Quality-of-life;
- Military construction; and
- The need for further consolidations/efficiencies.

### **The Need For Quality Naval Shore Facilities**

Naval forces provide unique capabilities in defending our national security interests around the world. Able to provide forward presence, power projection, sea control and maritime supremacy, strategic deterrence, and strategic sealift, the Navy and Marine Corps continue to conduct operations around the world, 24 hours a day, every day of the year. Last year, the Department of the Navy had on average 100 ships and 23,000 Marines forward deployed conducting presence missions and operations with military forces from more than 69 nations. Carrier battle groups and amphibious ready groups with embarked Marine Expeditionary Units conduct joint task force exercises with Army, Air Force, and Coast Guard units to hone their readiness skills to function in a joint operational environment. Scores of other ships and their crews are in a "work-up" status preparing to relieve ships on station, while others are returning to homeport for maintenance and repair, and to spend some precious time ashore with family and friends.

Intelligent, highly motivated people are our most important asset in maintaining our military capability. We need to attract, properly train, outfit, and retain top caliber people from across the United States if we expect to maintain a fully capable, responsive military capability in support of our national goals.

Our shore facilities provide the daily "at work," "at home," and "at play" locations for our Sailors and Marines when they are not at sea. They are truly the home base for maintaining the readiness of our naval forces. Whether it is piers that provide berthing, electrical power, and support facilities for ships in homeport; or the hangars that shelter aircraft; or the shipyards that provide the industrial capability for ship repairs; to the housing that our Sailors and Marines call home --- all are a critical ingredient in our ability to deploy Naval forces when called upon. The conditions under which our Sailors and Marines work, live, and play directly impact their personal dignity and encourage both personal and professional growth.

I know this Committee understands how high quality shore facilities bring out the best in our people.

Our shore facilities, designed to support a substantially larger force structure, have been reduced considerably through four rounds of base closure and realignment. However, even after implementing base closure and realignment decisions, the Department of the Navy will retain a broad array of facilities to support the Fleet and Fleet Marine Force: 3.7 million acres of land, on 200 major bases with 43,000 buildings, 96,000 family housing units, and an estimated plant replacement value of \$152 billion.

### **The Need to Invest in Shore Infrastructure**

I do not believe we have invested sufficiently in our shore infrastructure for some time. Budget constraints, force structure reductions, excess shore infrastructure, and base closure uncertainties limited infrastructure investments. We have been able to invest only limited amounts of funds to support new and expanding mission requirements. We have invested heavily in the last few years to meet more rigorous environmental compliance mandates. This has left us little funding to recapitalize our shore facilities. Deferring recapitalization increases operation and maintenance costs, creates inefficient use of facilities, and decreases quality-of-life in the work place.

Our facilities are old - nearly half were constructed between 1931 and 1950. Our backlog of major repair projects has grown to about \$7 billion for all naval facilities, including housing. We are devoting less than 1.5 percent of plant value to real property maintenance. Often, our repair and maintenance choices are limited to short-term cash flow alternatives rather than long-term investment strategies.

Contrary to what many people perceive, the BRAC process has not given us substantially newer facilities. That is because we have closed bases that had both new and older facilities. Naval Station New York on Staten Island; Naval Station Mobile, Alabama; and Naval Training Center Orlando, Florida, were new facilities that we closed under the BRAC process. The average age of our facilities has only declined by one year, from 50 years prior to the first BRAC in 1988 to a projected 49 years following completion of BRAC in FY-2001.

### **Facilities Investment Strategy**

Providing high quality facilities to support readiness, particularly in a time of declining budgets, presents a formidable challenge. The Secretary of the Navy must carefully balance many competing demands, including the current readiness of our forces, the need to maintain a technological edge through modernization, and a myriad of other concerns including investment in our facilities.

Our shore infrastructure investment strategy consists of:

- “Holding the line” on Base Operations Support (BOS) and Maintenance of Real Property (MRP) funds;
- Implementing the decisions of the four Defense Base Closure and Realignment Commissions;
- Enhancing quality-of-life facilities;
- Investing in military construction;
- Pursuing further shore infrastructure efficiencies.

Base Operations Support provides the day-to-day Operations and Maintenance funds to keep the gates open and the lights on at our bases. BOS funds pay for utilities, fire protection, security, trash collection, financial management, and a host of other landlord functions. The MRP account funds routine maintenance of buildings as well as repairs. Although beyond the jurisdiction of this Committee, BOS and MRP funds are a vital source of funds to continue daily operations at our bases.

### **BRAC Implementation**

The base closure process is a challenging one for the Department of the Navy and for the many communities who have hosted our ships, aircraft, Sailors and Marines for so many years. Yet it is one we must pursue if we are to properly size our shore infrastructure to reflect the smaller force structure of the Post Cold War era. As you know, excess capacity in our shore facilities exerts a significant financial drain on the Department of the Navy’s budget.

We are implementing the four scheduled rounds of base closure, the first in 1988 under the Defense Authorization Amendments and Base Closure and Realignment Act of 1988, (Public Law 100-526) and three additional rounds in 1991, 1993, and 1995 under the Defense Base Closure and Realignment Act of 1990 (Public Law 101-510). As a result of these BRAC decisions, we are implementing a total of 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments.

### **BRAC Implementation Strategy**

We have adopted a straightforward strategy for implementing BRAC closure decisions. First, we want to achieve operational closure at each military installation selected for closure as quickly as possible. By that, I mean all mission equipment and military personnel, with the exception of a small caretaker cadre, will be disbanded or relocated to the “receiving” location, the military mission will cease, and the Commanding Officer will order the flag lowered for the last time at the base. Second, we seek to support local communities in their conversion and redevelopment of our closing bases

Rapid operational closure benefits the Navy and the affected communities. The faster we can close a base, the sooner we can realize savings from reduced operating costs. Operational closure substantially reduces the costs for utilities, protection services, supplies, hazardous waste handling and disposal, administrative support personnel, and a host of other



landlord functions. The savings generated by not having to operate and maintain this excess infrastructure are significant. Excluding any revenue we may generate from land sales, we expect to save \$2.5 billion per year after operational closure of bases in the 1988, 1991, 1993, and 1995 rounds of base closure. We are counting on these savings to recapitalize our force structure in the future.

We are accomplishing this rapid operational closure by delegating daily decision-making down to the Commanding Officer of each BRAC installation. The Commander who was in charge of operating the base is now in charge of closing it. They are on the front line of achieving operational closure and they are doing a superb job.

Rapid operational closure also provides base closure communities with early opportunities for economic redevelopment. Effective community involvement and planning are central to conversion and redevelopment of our bases and also to the retention of a skilled labor force in the base closure communities. Our conversion and redevelopment efforts are guided by President Clinton's Five-Point Plan for Revitalizing Base Closure Communities:

- Job-centered property disposal as an economic incentive;
- Fast track environmental cleanup to facilitate reuse;
- Base Transition Coordinators to reduce red-tape;
- Ready access to redevelopment assistance; and
- Larger redevelopment planning grants.

### BRAC Implementation Status

At the end of FY-95, the Department of the Navy had completed 86 of the total 178 closures and realignments required under the 1988, 1991, 1993 and 1995 rounds of base closure. This year and next will be our largest years of activity, as we plan to complete an additional 30 closures and realignments in FY-96, and 28 more in FY-97. Many of these will be major BRAC 93 actions. For example, we will close Mare Island Naval Shipyard in Vallejo, California and Charleston Naval Shipyard in Charleston, South Carolina on 1 April 1996.

FY-96 will be our single largest year of construction, as we plan to award just over \$1 billion in BRAC construction projects. We are on track for completing all BRAC closures and realignments by 2001, as required by statute.

We are also making progress on converting excess real estate and other property to civilian uses. We have transferred 4,443 acres of land to local Redevelopment Authorities and other Federal agencies, and leased buildings and land under 24 leases and 25 licenses at 19 installations. We estimate that these efforts along with other redevelopment programs have created 5,000 jobs in base closure communities.

On the environmental front, we have established Base Cleanup Teams (BCTs) consisting of Navy, EPA regional, and state representatives at closing bases where property will be transferred outside the Federal government. The BCTs have developed Base Cleanup Plans which form the basis for prioritizing cleanup efforts at the base so that they are consistent with reuse plans. The BCTs have prepared Environmental Baseline Surveys (EBS) on all 1988, 1991, and 1993 BRAC closures, and are completing surveys on BRAC 1995 bases. To date, we have 34,827 acres that are environmentally suitable for transfer.

I attribute the success of our BRAC implementation program to the management emphasis we have placed on achieving expeditious closure and disposal of the bases to both Local Redevelopment Authorities and other Federal agencies. William J. Cassidy, Jr., the Deputy Assistant Secretary of the Navy for Conversion and Redevelopment; Rear Admiral David J. Nash, Commander, Naval Facilities Engineering Command; and Rear Admiral Louis M. Smith, Director of the Facilities and Engineering Division under the Chief of Naval Operations, have done an outstanding job applying the Base Closure and federal property disposal statutes and regulations to this process while also addressing community concerns and responding to the need for expeditious economic redevelopment with innovative policies and practices.

### **BRAC Innovation**

The BRAC legislation and subsequent statutory and regulatory changes have provided us with greater flexibility and opportunities for innovation. For example, we have negotiated Cooperative Agreements with Local Redevelopment Authorities at several installations to provide essential municipal services during the transition to civilian use. These agreements structure our caretaker responsibilities as a bridge, rather than as continuing obligations, and provide a smooth transition to community responsibility for operation and maintenance of facilities on the closing installations.

The new authorities Congress has provided to convert real estate at closing installations to civilian use will also prove helpful. We have already successfully utilized the Economic Development Conveyance authority to convey base closure property in a manner that will create private sector jobs. We anticipate that the newly-created Port Benefit Conveyance Authority will also facilitate the conversion of former Naval Stations and Shipyards to intermodal ports that will create jobs and enhance our Nation's ability to compete around the world.

Federal agencies and the communities are beginning to work together to use the property available from base closures to meet environmental needs. For example, land has been set aside in reuse plans to ensure compliance with the Endangered Species Act and the Clean Air Act and to encourage conservation through the creation of wildlife refuges and parks.

The closures of Naval Air Warfare Center Indianapolis, Indiana and Naval Surface Warfare Center Louisville, Kentucky, present unique opportunities to mitigate the impact of closure on these two communities. We are developing a strategy with these two cities that will both reduce the Navy's infrastructure and retain jobs in the communities. Although there are still complex issues that must be resolved, we are confident that we will achieve privatization at both facilities.

We have also sought to minimize the impact of closures on our civilian work force by employing them, where we can, in post-closure activities. For example, we have established environmental detachments at Mare Island Naval Shipyard and Charleston Naval Shipyard, where former shipyard employees are being retrained to perform necessary environmental compliance and cleanup actions. These detachments provide an opportunity for our workers to gain new and transferable skills which also help us achieve environmental cleanup in a timely and cost-effective manner. In fact, we have found that the cost of the work done by these detachments is more than competitive with comparable costs in the private sector.

### BRAC Budget

By the end of FY-96, we will have invested over \$6 billion implementing BRAC decisions. We are, however, now on the downward slope for BRAC budget requirements.

	FY-95	FY-96	FY-97
BRAC 91	321	422	103
BRAC 93	1,436	1,570	943
BRAC 95	-	509	399
TOTAL	1,757	2,501	1,445

Our FY-97 BRAC budget request totals \$1.4 billion, which is \$1.1 billion below the FY-96 amount of \$2.5 billion. BRAC 93 was our largest closure action, and much of the reduction in this year's funding is a direct result of having funded most of the construction

requirements. We have obligated 99% of FY 95 and prior funds for all BRAC rounds and expect to do the same with FY-96 funds by the end of this fiscal year.

In the year 2001, I expect we will continue to need funds to complete environmental restoration at some bases, particularly where we operated industrial plants, and to continue caretaker activities at other bases.

In the past, Congress has imposed limitations on environmental funding within the BRAC account. These environmental "floors" and "ceilings" have complicated our ability to react to changing situations at closing bases. We do our best to try to accurately project our budget requirements, but the complexity of the BRAC moves that must be accomplished, and the dynamics of the Local Redevelopment Authorities' evolving reuse and redevelopment plans make this a challenging endeavor. I ask that you place neither a "floor" nor a "ceiling" on the environmental portion of our BRAC budget and give us the flexibility to use the funds where they serve the greatest need.

## Quality-of-Life

Quality-of-life programs include military pay and allowances, housing, medical care, child care, family services, morale, welfare and recreation programs. We need to invest in these programs just like we invest in technology, combat systems, and weapon platforms.

The Secretary of Defense, with the enthusiastic support of the Service Secretaries and Chiefs of Staff, has made quality-of-life programs a top priority. I will focus my comments on the housing portion of quality-of-life.

### Family Housing

Our first choice is to rely on the private sector to house Navy and Marine Corps families. About 70 percent of our military members purchase or rent homes in neighborhoods around the base, and the remaining 30 percent live in military family housing. We own, operate, and maintain 96,000 homes and lease another 5,600 homes in the U. S. and overseas.

Our family housing program has suffered for many years in two areas: Insufficient funds to fix and modernize older homes, and our inability to resolve our long-standing shortage of adequate homes, now equal to 26,000.

Several years ago, the Navy adopted a Neighborhoods of Excellence (NOE) program to "first fix what we own." NOE targeted family housing improvement funds for upgrading electrical and plumbing systems, replacing windows and doors, installing new insulation, updating kitchens and baths, improving landscaping, street lighting, and utility services for an entire neighborhood, rather than doing piecemeal improvements to selected components of an individual house. The Marine Corps has adopted a similar program in the Commandant's Campaign Plan. Most of our family housing construction program builds replacement homes that can no longer be economically repaired.

### Family Housing Budget

Our FY-97 budget request of \$1.4 billion is similar to last year's \$1.6 billion approved program. Although FY-97 is \$155 million below FY-96, let me assure you that we are not wavering from our commitment to improving housing. To the contrary, we added significant construction and improvement funds last year in both FY-96 and FY-97. We have kept these increases in FY-97. The Congress added funds in FY-96. Our FY-97 family housing budget remains over \$200 million higher than FY-95.



	FY-95	FY-96	FY-97
Construction	87	207	198
Improvements	159	293	183
Design	25	24	23
Operations	391	411	397
Maintenance	462	534	508
Leasing	79	104	109
<b>TOTAL</b>	<b>1,204</b>	<b>1,573</b>	<b>1,418</b>

Our FY-97 construction program provides 960 replacement homes at 4 locations, 248 new construction homes at three locations, 5 community centers and 2 housing offices. Our improvements program covers 30 NOE improvement projects at 2,661 homes. Navy and Marine Corps NOE projects target an entire

neighborhood and upgrade electrical and plumbing systems, replace windows and doors, install insulation, update kitchens and baths, as well as improve neighborhood landscaping, street lighting, and utility services.

We have been able to decrease our operations and maintenance needs due to an inventory reduction of about 2,000 homes, primarily as a result of BRAC actions. We have increased our leasing budget to support additional foreign leases in Italy.

Although current funding levels will allow us to eliminate our revitalization backlog by the end of FY-05, we will still have a housing shortfall of 26,000 homes. This shortfall represents families who cannot find suitable housing in the community to buy or rent, either because there is simply not enough housing stock available, or because the available housing is too expensive, requires an excessively long commute, or provides insufficient space for the size of the family. We plan on relying on the new privatization authorities to help solve this deficit.

### Housing Privatization Efforts

The FY-95 Authorization Act, Public Law 103-337 (10 U. S. Code 2837) gave the Department of the Navy exclusive new authority to enter into limited partnerships with private developers to build housing for our people. As a limited partner, we could contribute up to 35 percent of the development cost of a housing project, with our liability limited to the financial contribution we made to the partnership. The partnership would acquire housing that was both suitable and affordable for our military families. We would expect to later recover our investment and reinvest the proceeds to provide additional housing in other housing privatization initiatives. We would of course structure the partnership to ensure that our military families would receive preference for placement in these homes.

As required by the FY-95 Authorization Act, the Secretary of the Navy established a Department of the Navy Housing Investment Board, which I chaired. Comprised of housing and financial leaders from the Department of the Navy, the Office of the Secretary of Defense, and the General Services Administration, the Board chartered a course for identifying, evaluating, and ultimately making recommendations for the Secretary of the Navy to approve a mutually beneficial partnership with a housing developer.

As a result of the Board's efforts, we are pursuing partnerships to provide housing in two locations: Corpus Christi, Texas (including the Kingsville and Ingleside areas) and Everett, Washington. We intentionally chose smaller markets to test this new authority. We wanted to score a quick success, and then capitalize on our experience to approach the much larger and more complex markets in Norfolk, Virginia; San Diego, California; Camp Pendleton, California; and other locations where we have large deficits.

We have been extremely busy in pursuing limited partnerships in Corpus Christi and Everett. We announced our intentions in the Commerce Business Daily, sponsored an industry forum for interested developers, held pre-proposal conferences, and worked closely with real estate developers and the financial community to structure a Request for Proposal (RFP) that would be mutually beneficial. After receiving the RFP, we went to each proposed site to see firsthand what was there now, and how the proposer's project would integrate into current and planned development.

The source selection process is now nearing completion. We are now in the process of formalizing the limited partnership agreement with the selected proposer at each location and expect to come to final terms next month. We plan to provide the required Congressional notification in April and sign the limited partnership agreements by May.

We expect the partnership to obtain about 400 homes in the Corpus Christi/Kingsville/Ingleside, Texas area, and 200 homes in Everett, Washington. The homes would consist of a mix of 2, 3, and 4 bedroom units. We plan to use the DoD Family Housing Improvement Fund for these projects.

I think you will agree that we have truly come a long way in a very short time.

I am even more optimistic about the opportunities provided in the FY-96 Authorization Act (Public Law 104-106). The FY-96 Act significantly expanded the number of tools available for us to acquire housing, and superseded the FY-95 limited partnership authorization available only to the Navy. We are working very closely with the Deputy Assistant Secretary of Defense for Installations and the other Services to share our experiences with limited partnerships and to take full advantage of the FY-96 language. We are in the early stages of drafting plans for housing in 10 Navy and Marine Corps locations.

In the FY-97 President's budget, we request authorization and appropriation for traditional family housing construction projects on a scale similar to that in the last several years. Some of these projects may actually become privatization projects, and thus require substantially less money to acquire than that which is authorized and appropriated. Any "leftover" funds will be used for additional privatization efforts to acquire additional housing, as envisioned by the FY-96 Act. Our goal is to provide more housing, and provide it sooner with the same amount of money to solve our housing shortages. To be successful, this must not turn into a budget cutting expedition.

## Bachelor Quarters

We have not forgotten the housing needs of our single Sailors and Marines, which includes unmarried members as well as those on unaccompanied tours, in training, or on temporary duty at a base. The Navy has 129,600 bachelor quarters (BQs) spaces located throughout the world, and the Marine Corps has 85,000. Many of the BQs face the same obsolescence as our family housing units.

One of the more important developments here is the adoption of the new 1 + 1 standard for building new, permanent party BQs by the Secretary of Defense last year. The new standard is based on a module consisting of two individual living/sleeping rooms with closets and a shared bath and service area. The module contains up to 47 square meters of gross area, and 11 square meters of net living area per living/sleeping room. The new standard does not apply to BQs to house transients, recruits, and those receiving entry-level skill training.

The new standard will solve long-standing dissatisfaction from Service members over the privacy and living space afforded under the old standard. The Navy is designing its FY-96 permanent party BQs projects under the new standard and will convert older BQs to the new standard where feasible. Under an exception to the 1 + 1 standard, the Marine Corps will initially emphasize construction of two-person rooms, i.e., "2 + 0," to improve quality-of-life for a larger number of Marines, and later transition to the 1 + 1 configuration.

## BQs Budget

Our FY-97 budget doubles BQs construction funding, from \$103 million in FY-96 to \$208 million in FY-97. We have a total of 15 projects, including large projects at Pearl Harbor, Hawaii; Camp Pendleton, California; and Sigonella, Italy. A portion of this increase is a direct result of the Secretary of Defense decision to implement the Marsh Panel recommendations.

## Military Construction

Frankly, it is here that we have had to make some tough decisions. We are still not investing in recapitalizing our infrastructure at a level that I believe is needed. The result is the continual aging of our infrastructure. I am not very happy with the situation, but I must acknowledge that it is the result of an explicit policy of protecting readiness and quality-of-life.

## MILCON Budget

Our FY-97 Military Construction and Military Construction, Navy Reserve budgets of \$525 million and \$11 million are similar to last years approved programs of \$555 million and \$19 million respectively.

We are selecting construction projects that provide the greatest investment value. Our program is heavily weighted to the quality-of-life area, which totals approximately 40% percent in BQ construction in 21 quality-of-life projects in the FY-97 program.

Mission support projects which provide new capabilities to the fleet total 42 percent. I particularly want to call your attention to two projects that support nuclear aircraft carrier homeporting. Naval Air Station North Island, California is transitioning from a conventional carrier homeport to a nuclear carrier homeport. The first carrier, the STENNIS, is scheduled to arrive in late FY-98. Our FY-97 budget includes a \$27 million nuclear maintenance facility and a \$59 million channel dredging project.

I believe we have turned the corner on the need for a sizable environmental compliance construction program, as these projects represent only 6 percent of our FY-97 program. We have 6 environmental construction projects totaling \$34 million that are required to comply with Class I environmental standards. This is in sharp contrast to just three years ago, when Class I environmental construction projects totaled \$137 million of the FY-94 program and we were upgrading and replacing a large number of wastewater treatment plants. The remainder of the program funds construction design and unspecified minor construction. Only 23 percent of our FY-97 program is for revitalization.

Our FY-97 reserve construction program includes 6 projects in support of operations and training totaling \$9.1 million, and \$1.9 million for planning and design.

### Land Withdrawal

We are working closely with the Department of Interior to formally withdraw about 46,600 acres of public land at Naval Air Facility El Centro, California. NAF El Centro's mission is to provide training facilities and instrumented training ranges for ship based aircraft squadrons preparing for deployment. Many joint exercises and special forces exercises are also conducted there, and it is the winter home of the Blue Angels.

The Navy has been using this land since the 1940s. A 1987 Memorandum of Understanding between the Navy and the Department of the Interior sought to legalize the withdrawal of this land, however, the Engle Act of 1958 requires legislation to be enacted for all withdrawals greater than 5,000 acres. The California Desert Protection Act of 1994 recognized this discrepancy, and included Section 812, El Centro Ranges, which allows the Navy to use this land until January 1, 1997. The latter Act further stipulates that "All military uses of such lands shall cease on January 1, 1997 unless authorized by a subsequent Act of Congress."

We will not seek to withdraw any more land than we now use or have used in the past. We are continuing our coordination with the Department of Interior and hope to provide you with the results of our efforts in the very near future.



## The Need for Further Infrastructure Efficiencies

The end of the Cold War has brought about dramatic changes in the political, social, military, and economic fabric of the world. Old allegiances have been broken. New alliances have been formed. The threat of global war has diminished.

Under the leadership of the Secretary of Defense, each military service has developed new military strategies to respond to changes in the threat to our national security. We have done so in light of dramatically smaller budgets. In 1987, the Department of the Navy budget was \$95 billion. Ten years later, it is, without accounting for inflation, \$16 billion less at \$79 billion. We have cut the number of ships from 568 to 339, and the number of active duty military end strength from 786,000 to 580,900 over this ten year period. Budget constraints have forced us to make tough decisions about upgrading existing weapons systems, and to carefully consider the affordability of next generation platforms.

The BRAC process, along with overseas closures such as Subic Bay, Philippines, has helped to eliminate excess capacity in our shore infrastructure. However, even after implementing these closure actions, we will have reduced the plant replacement value of our shore infrastructure by only 17% percent since 1988, the first round of BRAC. This stands in contrast to the 26% percent reduction in military end strength, and 40% percent reduction in ships over this same time period.

We need to continue efforts to reduce unneeded infrastructure on our remaining bases, consolidate functions, and demolish unneeded structures to minimize Operation and Maintenance costs. Let me outline a few ways that we are accomplishing that.

### Efficiencies in Logistics Reduce Facilities Requirements

One way we are reducing our revitalization needs is to reduce the number of facilities that are needed. This is one of the benefits of several different management initiatives underway by the Chief of Naval Operations. Under the Regional Maintenance Concept, the Navy is consolidating ship and aviation maintenance shops in geographical regions to eliminate excess capacity without forfeiting capability. For example, in the Tidewater Virginia region, we have already gone from 18 motor rewind shops each used only a few hours per day, to the two most efficient shops, allowing use to shut down 16 motor rewind shops. The goal is to eventually combine intermediate level maintenance with depot level maintenance at eight locations.

Initiatives such as Readiness Based Sparing and Consolidated Inventory Control Points have already reduced the number of spare parts required in inventory, the number of warehouses required for storage, and the number of times each part must be handled.

These actions will cut the amount of warehouse and maintenance facilities we need to acquire, maintain, and eliminate the need to revitalize many existing facilities.

## Efficiencies in Base Operations Support

Rear Admiral John T. Scudi, Director of the Shore Installation Management Division under the Chief of Naval Operations, is pursuing a number of initiatives designed to bring about greater efficiencies in our shore installations. One promising area is in regional consolidation of BOS functions. Many of our large bases have duplicate and redundant functions. This is further complicated by the many different tenant activities on our bases, with many tenants providing some or all of their own BOS functions. The concept is to achieve greater efficiencies by consolidating and centralizing functions. Does each base need multiple managers for galleys? for barracks? for fire, security and police protection? Regionalization test cases are underway at Jacksonville, Florida, and San Diego, California Naval complexes to explore the feasibility of regionalization. These efforts will try to identify what core functions are needed and what drives them, what specific functions could be regionalized, and what organizational structures are needed to support regionalization.

The Navy is also reviewing the continued need for tenant organizations on base. The objective is to eliminate or reduce tenant activities that are no longer value added in the post cold war era. Reducing the number of tenants, and consolidating BOS functions will further reduce Operations and Maintenance costs, as well as reduce facility requirements.

## Privatization/Outsourcing

Another promising area brought about in part by the National Performance Review, the recommendations of the Commission on Roles and Missions, and numerous other studies is the pursuit of greater efficiency and lower cost through privatization and outsourcing. In many cases, the commercial sector is often more capable, responsive, and cost-effective in providing services. We want to be able to take advantage of that whenever possible. The Secretary of Defense has chartered a special group to investigate enhancing the use of A-76 procedures to make greater use of the unique capabilities of the private sector. My office has played a key role in trying to take better advantage of existing A-76 authorities throughout the Department of Defense.

## Department of the Navy Analysis Team

Last December, the Secretary of the Navy stood up a Department of the Navy Analysis Team, under the leadership of a newly established Deputy Under Secretary. The Analysis Team will capitalize on insights stemming from the base closure and realignment process to identify, evaluate, and recommend opportunities for privatization, restructuring, improvement in management information, and incentives for decision-making. They will look vertically and horizontally across the Navy and Marine Corps to improve the overall efficiency and effectiveness of the Department of Navy. All recommendations will carefully consider operational factors as well as military and civilian personnel issues.

## Demolition

Cash flow decisions in the past often resulted in decisions to defer demolition, permitting unneeded buildings to remain occupied, often very inefficiently, and exacerbating utility costs and maintenance and repair costs. We have started a small centralized demolition program of \$5 million per year to eliminate high cost excess facilities. This effort is supplemented by non-centrally managed Operations and Maintenance funded projects at by the Fleet to tear down excess buildings and warehouses vacated under new supply initiatives.

## Vision for the Future

While I am very pleased with our quality-of-life programs, privatization opportunities, and the numerous initiatives underway to bring about greater efficiencies in our shore infrastructure, we still need one important ingredient...an overall vision for our shore establishment of the future with base closure and realignments completed and outsourcing programs in place. That vision will provide the game plan for replacement and modernization of our Navy and Marine Corps infrastructure. Let me assure you, we are hard at work developing that vision. We have engaged the Center for Naval Analysis to help analyze where our primary problems are. We have gathered an extensive database of critical shore infrastructure needs and capabilities. We are conducting "focus groups" with senior officers in the Fleets and Fleet Marine Force to define our goals and objectives.

I expect this vision to guide us into the next decade in our efforts to provide quality shore facilities for our Sailors and Marines.

That concludes my statement. I appreciate the support that this Committee and its staff has given us in the past, and I look forward to continued close cooperation in the future.

I will be pleased to answer any questions.

Mr. HEFLEY. Thank you.  
Who is lined up to go next?  
Admiral.

**STATEMENT OF REAR ADM. DAVID NASH, COMMANDER NAVAL  
FACILITIES ENGINEERING COMMAND**

Admiral NASH. Yes, sir; good afternoon, Mr. Chairman and members. I really want to thank you.

I have no formal statement, but I want to thank you for all of your support of the military construction program. It has been most helpful to us. I would also like to thank the chairman particularly for his help with Naples. I was over there for the groundbreaking, and I talked to the people who eventually will be able to move into these houses, and they really appreciate what you have done for them.

I would also like to say thank you for the military housing improvement accounts, the authority you gave us last year. I assure you we will use them to help solve the problems that we see in our future. I am looking forward to working with all of you; I am glad to be back to Washington, and I thank you for this opportunity.

Mr. HEFLEY. Well, you know, I hate to interrupt the panel to ask the question, but anybody who comes before us and says they are glad to be back to Washington is suspect, are they not, Mr. Secretary?

Mr. PIRIE. The same question occurred to me, Mr. Chairman. [Laughter.]

Mr. HEFLEY. Could the IG down there look into that? [Laughter.]

Admiral NASH. Well, sir, I just came from Hawaii, and I still have a very rosy view of the world.

Mr. HEFLEY. General.

**STATEMENT OF BRIG. GEN. THOMAS A. BRAATEN, ASSISTANT  
DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGIS-  
TICS (FACILITIES), HEADQUARTERS, U.S. MARINE CORPS**

General BRAATEN. I am Brig. Gen. Tom Braaten. This is my first tour in Washington, and I would rather be in the field. [Laughter.]

But I do appreciate the opportunity to be here.

Last week when I addressed your committee, sir, I had discussed some of the options that the Marine Corps was looking at to use the new authorities you had given us, and I mentioned that the housing revitalization and support office team would be at Camp Pendleton. They have briefed General Reinke. He is very happy about the concept. He has asked me to run the hard numbers now. Mr. Abercrombie was kind enough to give us a contact in Hawaii who could help us take a look. Their team is in Hawaii right now; they are looking, and I am very hopeful that we will have some good, positive results from that. So I am grateful to be here, sir, and for the support you have given us in the past, and I will look forward to your questions.

Mr. HEFLEY. Good.  
Admiral.



**STATEMENT OF REAR ADM. G. DENNIS VAUGHAN, DEPUTY  
DIRECTOR, NAVAL RESERVE**

Admiral VAUGHAN. Good afternoon, Mr. Chairman and committee members. I am Denny Vaughan, Deputy Director of the Naval Reserve, and I would rather be at sea. [Laughter.]

It is my first tour in Washington as well. But I am truly honored and privileged to be here. Because of your support, I think today we can look around and know that we have the finest Naval Reserve in all the world. It is the envy of every other nation. Today, we are in all 50 States. Today, the Naval Reserve is in the Bosnia ops; it is in Korea; it is in Riyadh and throughout the world, seamlessly integrated with our active-duty joint forces, in which 96 percent of our facilities are in joint use, of which 67 percent of our Naval Reserve surface activities are in joint use. Again because of your support, we are flexible and responsive to the needs of our Nation.

And in closing, I want to particularly thank Congressman Sonny Montgomery for his sustained, superior support of the Naval Reserve for over three decades of military and public service. I think it is going to be a great day in Meridian when we open the Congressman Montgomery Naval Reserve Center in his hometown.

Mr. HEFLEY. We are changing that name, by the way. [Laughter.]

How does the Joel Hefley Reserve Center sound? [Laughter.]

Admiral VAUGHAN. That sounds fine, too. We plan on building two of them.

Thank you, General, for your support, and we look forward to working with you in the future.

Mr. HEFLEY. I wish you would not do that with Sonny, because it makes him harder to live with for us. [Laughter.]

Before I yield to questions, let me see if I can get a series of clarifications from the panel. When the construction annex or the C-1 was sent over with the formal budget submission on March 18, a series of errata sheets were included concerning the Navy military construction program. Five major project changes were made. Do you know, Mr. Secretary, where I am on that?

Mr. PIRIE. Yes, sir.

Mr. HEFLEY. Well, five were made. None of these changes had been announced at the time the Department of Defense released the 1997 military construction submission on March 4. And I have a number of concerns about that, especially about the deletion of an important barracks project at Roosevelt Roads Naval Station in Puerto Rico. So let me run through these questions, and then, we can go back over them individually. But could you provide us with some idea of why the changes were made? Can you discuss the reason for the increase in requested funding for the dredging project? The Navy has often done near-shore beach replenishment when dredging a channel, but are there precedents for on-shore replenishment? What is the cost-sharing arrangement with the local and State governments? And are these arrangements consistent with any previous beach replenishment operations? And how do you intend to meet the barracks requirement down at Roosevelt Roads? So we can go back over those individually if you would like, or if you just want, take it from there.

Mr. PIRIE. Well, I think in terms of the timing, we had emergent requirements and just had to make those changes as they came up. The barracks in Roosevelt Roads provided funding for two projects, one a waste oil treatment facility and waste oil collection facility in Norfolk, which was very high on our priority of environmental compliance items, and the other was some \$13.7 million, I think, to move the sand that is being dredged for the nuclear carrier homeporting in San Diego onto the beaches around San Diego rather than the more convenient and cheaper near-shore disposition.

The beach sand business is an opportunity to use the available sand from the dredging to restore the erosion on beaches around San Diego. We were requested by the mayor and by members of the California congressional delegation to do this. San Diego is an important place for the Navy. It is one of our major fleet concentrations, and our relationship with the city is very, very important to us. And it looked like an opportunity to do something that was useful for San Diego at what is a tolerable, I think, price.

San Diego or the State of California will pay, I believe, some \$4 million toward the movement of the sand, and the Navy's share of this will be something on the order of \$13.7 million.

Mr. HEFLEY. Is that just for the replenishment, or is that the dredging and replenishment?

Mr. PIRIE. No, the dredging is a separate account.

Mr. HEFLEY. That is what I wanted to know.

Mr. PIRIE. And we have simply increased the dredging money by that amount of money. The dredging was running on the order of \$50 million.

So that is the story as I know it, Mr. Chairman.

Mr. HEFLEY. Is this common practice with the Navy, to do the beach replenishment?

Mr. PIRIE. Not so far as I know. And I do not—

Mr. HEFLEY. It is a good thing to do. I am not questioning that.

Mr. PIRIE. I think this turned out to be a very unusual one-time opportunity.

Mr. HEFLEY. Are there any steps being taken to, once we have done this—we have put the effort and the money and the sand back on—are they doing anything there in that area to help minimize erosion in the future? In some places, they build jetties; in some places, they do other things, breakwaters and so forth. And in some of them—I do not know whether they work or not.

Mr. PIRIE. Not to my knowledge, sir. I think this is natural beach erosion. But if you will, we will get back—

Mr. HEFLEY. It will be interesting to see if they have come up with anything that is successful.

Mr. PIRIE. Yes, sir.

Mr. HEFLEY. And it certainly, I think, helps make you even a better neighbor in San Diego. They are probably tickled to death with it.

What are we going to do about Roosevelt Roads, then? How do you plan to take care of that need? It was my understanding that was a pretty high-priority need down there.

Mr. PIRIE. It was one of a subsequent substantial number that we put in the program this year. We will put it back in the queue, and it will come to its natural place in priority for the following



year's funding. I would expect we will be able to find funding for it in fiscal 1998, but we will just have to see how that works out. That queue had been renovated not too long ago, but it just does not meet one-plus-one standards.

Mr. HEFLEY. So, we would like to get to it when we can.

Mr. Montgomery.

Mr. MONTGOMERY. Thank you very much, Mr. Chairman.

Secretary Pirie, good to see you again and the other officers with you. It is a lot more pleasant than last year when we were dealing on base closures as you recall. And I would like to say to Admiral Vaughan that he mentioned about this Naval Reserve bill, and to our chairman, it is just going to be a little old bill with a big sign. [Laughter.]

The sign is going to be bigger than the bill. [Laughter.]

Mr. HEFLEY. Well, there will be a committee vote before that is—

Mr. MONTGOMERY. I hope not.

Thank you. It is always a problem of needing more money as we had the other day with the Reserve Forces, and thanks for giving me this opportunity. I yield back my time.

Mr. HEFLEY. Thank you, Mr. Montgomery.

Mr. Underwood.

Mr. UNDERWOOD. Thank you, Mr. Chairman.

Unfortunately, my BRAC experience was not as pleasant as Mr. Montgomery's.

You mentioned in the course of your testimony something that kind of caught my attention. You had said that there were no delays in the reuse from BRAC as a result of a shortage of funding for cleanup. What is happening in cleanup in BRAC? And how much is that funded for? And are we on track with taking care of those?

Mr. PIRIE. Our general approach to cleanup in BRAC is that we clean up where there is an identified reuse which is imminent by the local reuse authorities; so we tend to give them priority. In many cases, we are able to lease property and get the reuse authority started with developing new ventures before cleanup of the base is completed. Now, in some cases, we will not have cleaned up some of the bases by the end of the 6-year BRAC implementation period and will be continuing to do that for some years thereafter. We recognize that we are absolutely responsible for cleaning up whatever is on those bases to an acceptable standard. It should be a standard that is compatible with the reuse that the community wants it for, and we should make whatever arrangements are possible to make sure the community can use as much of the base as possible while they are waiting for us to get the rest of that done. So I think that is basically what we are doing on this.

Mr. UNDERWOOD. Well, what about in terms of have there been any delays in reuse? And I am just speaking about the Guam experience. It seems to me that we have gone a little bit off-center as a result of the recent BRAC. We are not kind of proceeding as quickly as we can. And there are some issues that are on both sides of that. But for us, it is trying to find a way to privatize the ship repair facility. I felt that in the process of the BRAC review that in many respects, we were being compared to domestic bases, bases

in CONUS, which is obviously part of the BRAC process. But we were really kind of operating in a foreign environment. And as a result of that, I thought that things kind of negatively affected the decisions on Guam.

But as we attempt to make privatization of those facilities possible, will the Navy commit to doing as much business with privatized American facilities on Guam as possible in the Far East?

Mr. PIRIE. And once again, this is not my area. I am the real estate person, not the repair of ships person and so forth. But I think the Navy's attitude is that it will go for repair services where it can get them to our standard at an acceptable price, and I think Guam can be competitive in that area.

Mr. UNDERWOOD. Thank you.

Mr. HEFLEY. Mr. Hostettler.

Mr. HOSTETTLER. Thank you, Mr. Chairman.

Mr. Secretary, you stated in your opening remarks that bachelor housing is a priority this year. Can you tell me how the administration, the Pentagon, prioritized those requests for bachelor housing that were received this year?

Mr. PIRIE. Well, we have a process, a committee, on which we have representation from all of the claimants, the fleets, the Chief of Naval Training and so forth; and they essentially take a look at the needs and settle on a priority list, which then is inserted in the program and becomes part of the budget.

Mr. HOSTETTLER. So it is based on needs and not necessarily funding levels or—

Mr. PIRIE. Well, it is based on both, which is to say that during the process of finalizing the program and budget, you look across all accounts, which would include military construction and acquisition of aircraft and so forth, and I regret to say that military construction and some things like that very often become bill payers to more important things like procurement of aircraft and missiles and ships.

Mr. HOSTETTLER. I believe that those other accounts are important as well, but I want to just make sure that we recognize the need and not necessarily begin from a balance sheet, but we realize there is a need, and the requests are made based on a need. If we have housing that is falling down, then there is a need there, and the funding will go along with the need, and the request will be made as a result of needing to fund those priorities that are made. And I was just curious about that.

Thank you very much.

Mr. PIRIE. Yes, sir; I am the advocate for that point of view in the competition for resources. And so to the degree that it does not work out that way, I suppose it is my fault for not being as persuasive as I ought to be.

Mr. HOSTETTLER. Well, I guess the question is was there an amount of money that this administration was going to spend on MILCON?

Mr. PIRIE. It is not necessarily sliced up that way. It really depends upon comparison of relative need across the various areas.

Mr. HOSTETTLER. Thank you very much.

Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you.



Mr. Tejeda.

Mr. TEJEDA. Thank you, Mr. Chairman, and I thank each and every one of you for being here and testifying.

Last week, General Krulak testified in the full committee that Marine Corps housing is in dire need of additional resources. Could you elaborate on the condition of Marine Corps housing, particularly in California and Hawaii? And what are some of your most pressing needs?

Mr. PIRIE. I think I will defer to my Marine Corps colleague to answer the question in detail. I am aware, however, in places like Camp Pendleton that we have very serious deficiencies in housing and particularly in bachelor troop housing.

Mr. HEFLEY. General Braaten.

General BRAATEN. Sir, we do have problems in both of those areas. Our largest deficit of family housing is in Camp Pendleton. The BEQs there are not in good repair. Three of our four projects for 1997 are, in fact, replacement projects for Camp Pendleton: one for the school of infantry, which will be a squad bay because they are training, and the other will be the room-configured. Since we do not have the money to construct to the deficit that we have there, we are hoping that the housing revitalization support office, which I had mentioned earlier, will use the authorities that you have given us in our 1996 authorization. We have a team that was there last week and have briefed General Reinke. We have also done a similar trip to Albany, GA, and they are in Hawaii this week. The hope is that we can leverage the moneys that we have in our program now to build a greater amount, but we also hope to be able to privatize some of those functions of maintaining those buildings and to use some of the savings to revitalize the other homes that need that badly.

On the BEQ side, the Marine Corps is kind of the odd man out in that we are looking at a two-by-zero standard or two men in a room as opposed to the new DOD one-by-one standard, and we are doing that because we simply cannot afford to build to the one-by-one standard at this time, sir.

Mr. TEJEDA. Thank you very much.

I have one more question.

Mr. HEFLEY. That clock went off wrong.

Mr. TEJEDA. I was going to say.

Mr. HEFLEY. Go ahead. I did not repunch it.

Mr. TEJEDA. Many of the witnesses who have testified before us have stated that the quality of life issues are an important part of readiness. How close is the Navy and Marine Corps coming to the day when the quality of our military housing and other facilities begins to have an adverse effect on the morale and retention rates of our troops?

Mr. PIRIE. Well, I think we are a long way at present from that condition, sir, but I echo that concern. I mean, I really think it is a serious problem for us to retain the forefront of our attention. People who do not have decent quality of living quarters or quality of working spaces obviously cannot perform to the peak of their abilities and so forth. And people who work in a substandard environment frequently decide that this is a second-class outfit and decide to leave, and we cannot take that. We need to retain the skills

of our people and this extremely high-quality force that we have assembled.

Mr. TEJEDA. Well, we certainly want to be of whatever help or assistance we can be of.

Thank you very much.

Mr. PIRIE. Thank you.

Mr. TEJEDA. Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you, Mr. Tejada.

That great champion of the Navy here in Congress, Mrs. Fowler.

Mrs. FOWLER. Thank you, Mr. Chairman.

Secretary Pirie, I had read your statement before coming today, and I was really pleased to note that it emphasized the need to invest in our shore infrastructure, because I share your concerns about this issue and what we have not been doing, particularly having Mayport in my district. And I know that NAVFAC is currently moving forward on a number of structural improvements and electrical upgrades at Naval Station Mayport. And the situation, as you know, at our carrier piers there is presently deficient with result to the Navy's own standards on minimum water depth, wharf pavement loadings, and additions has been a recurrent problem. When we get a certain number of ships in there, and they are all performing certain operations simultaneously, the power goes out. And it takes them a good 4 hours to get their computers back online, which is not a very satisfactory way to be operating.

So I was really pleased just in this last week from both Deputy Assistant Secretary Holaday and from the CNO for moving forward immediately with some upgrades that will meet Navy requirements in these areas, especially with regard to an urgently needed \$2.5 million project for structural improvements at our Mayport wharf C-2. And I would really appreciate any further comments that you might offer with regard to our shore infrastructure deficiencies and their implications for Navy readiness.

Mr. PIRIE. Yes, ma'am; I think you are exactly right. We do need to proceed with the improvements in Mayport, but we need to proceed with a general program of improvements to the piers that we have. And I think you are going to see that coming in the next couple of years. Admiral Smith, whom you may have talked to, has got a program on the drawing board that looks pretty good. So I think you will see that emphasis coming out.

Mrs. FOWLER. Well, we appreciate that, and I do, as I say, share your concern not just at Naval Station Mayport but, really, across the board with our facilities and the need to focus some more emphasis on improving that shore infrastructure.

Do I have another minute?

Mr. HEFLEY. Yes, you do.

Mrs. FOWLER. I do not know how the clock is doing.

I just wanted also on the housing issues to take the opportunity to thank you and Admiral Nash for what you have been doing in following up on last year's efforts with our housing renovations at Mayport. And as you know, I have supported very strongly our chairman's efforts and our ranking member's efforts to provide new authorities to the services to enable the public-private initiatives in the housing arena, because I think that is the only way we are going to really be able to help solve some of our problems there.



At Mayport, as you know, we have got about 1,400 sailors on a housing waiting list, and that does not even count their dependents, so we are looking forward to pursuing them.

But I have been asking the same question now of people who have come before us for the past several weeks, and I still have not really gotten a very clear answer as to what are the criteria that are going to be used for determining which 8 or 10 facilities will be considered by DOD and the services for the public-private housing initiatives in fiscal year 1996? I mean, there are 8 or 10 you are going to pick. Supposedly, there are some criteria that are going to be used, but we have not been able to get a very clear handle on what that is. Each time I have asked a witness, they have been giving vague answers as to what is being looked at. I do not know whether there are any kind of clear-cut standards or not.

Mr. PIRIE. Well, we cannot give you a definite answer on who is going to go exactly where.

Mrs. FOWLER. Oh, no, I know exactly. Just what are your benchmarks?

Mr. PIRIE. The things we look at is what is the nature of the overall shortage? Is the area one that has an abundance of cheap rental housing available? Or is it, like Mayport, a resort area where housing is at a premium? Every one of these areas is different. As Tolstoy said, "Every happy family is like every other family; every unhappy family is unique to itself." And every housing location is unique. Mayport is close to Jacksonville, but they have absolutely different housing situations. And so we have to take account of the facts on the ground. Mayport would be a serious candidate for Government housing, since housing in the private sector is not available. It probably would not compete very well with a developer who wanted to put up expensive, resort-type housing in Mayport if we went to a competition. So, we take those kinds of considerations into view.

Mrs. FOWLER. But do you look at things like—say, just for example, at Mayport, they have got about 38 acres out there that are undeveloped that are on the base. So sometimes, you can leverage those with a private developer to then do something with them at a cost-effective way, because again, I share with our chairman trying to leverage these dollars rather than just have to spend them all on Government.

Mr. PIRIE. And that does, indeed, look like one of the things we will be able to look at very seriously. And you are not the first person who has pointed that out to me. The CO has been very vigorous in making that point. That is right; that is precisely the thing we are going to look at. We can swap our land for a share of a limited partnership or allow a developer to put up his housing on our land for some kind of break in the rental to the members, yes, ma'am, those are the kinds of deals we are looking at.

Mrs. FOWLER. Thank you.

Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you, Mrs. Fowler.

Mr. Saxton.

Mr. SAXTON. Thank you.

Mr. Secretary, now that BRAC has drawn to a close at least for the time being, I think it would be fair to say that we have experi-

enced a downsizing that, by definition, means some type of consolidation of activities on those bases that we hope are the healthiest and those bases that are the healthiest and remain. Would you agree that that is a fair statement of the objective to the BRAC process?

Mr. PIRIE. Yes, sir; I think that is a fair statement. We have consolidated into existing bases while it is by no means clear that over the very long run, we will be able to maintain even all of those bases.

Mr. SAXTON. If you will just bear with me while I am parochial for just a moment, do you foresee any consolidation or movement into Lakehurst Naval War Center in New Jersey?

Mr. PIRIE. That really once again is not my department, being only the landlord and real estate person. It depends on the industrial needs of the Naval Air Warfare Center, what work they put there and how they use the facilities. I am aware that there are some possibilities for public-private ventures there that may be a very promising way to bring work. But one of the impulses for the BRAC round and for downsizing is the fact that we have too much infrastructure, and the amount of industrial work to be done in the air warfare centers and surface warfare centers is declining very sharply with the fact that the size of the fleet has gone down by nearly 40 percent so that it is really a workload question, sir.

Mr. SAXTON. Thank you. Mr. Secretary, somebody from the Navy, presumably you, sent us over a book, which is very picturesque, on housing.

Mr. PIRIE. I have seen that.

Mr. SAXTON. And these are some of the pages out of it, from a variety of naval bases, I think mostly in the continental United States. And it shows all kinds of deterioration and construction defects and sinking floors and 2-inch thick concrete floors and just a whole variety of things that we as Americans, especially on the policy level, cannot be very proud of, because we are asking our folks to live in houses like these. I know you are concerned about it. I do not bring this up to be critical in any way. I just bring it up to, I guess, say to you are we making progress in overcoming these problems? And also, I guess it is fair to ask inasmuch as DOD has requested 18 percent less than we spent last year on military construction—most of those savings, of course, come from BRAC—do you think it would be a good idea to use some of those savings that we got from BRAC for family housing and other quality of life issues?

Mr. PIRIE. I resonate to your feeling about those pictures, because they are not pretty. I believe, however, that we are making progress in the Neighborhoods of Excellence and the Commandant of the Marine Corps' campaign plan and the whole-house revitalization business. And I think that examples like those will be declining numbers, although to drive them to zero, as I tried to indicate, is probably not in the cards given the circumstances as we face them.

The savings from BRAC are tricky to deal with, because they are savings from not spending money which we would otherwise have spent. There is no sort of BRAC savings account that accumulates dollars that can be spent on other things. They are savings that ac-



crue to the Naval Air Warfare Center because his workload goes down, and he does not have to maintain a particular location. That said, we need the savings from BRAC for recapitalization efforts of all kinds, including replacement of our weapons systems as they age and as we have opportunities to bring in newer and better systems and replacement of our buildings, piers, and facilities. So yes, sir, there are a lot of people in line for those savings.

Mr. SAXTON. Thank you.

Mr. HEFLEY. Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman, and I thank the witnesses for being here, and I also apologize for not hearing all of your testimony. I have tried to catch up here.

But to kind of follow on my colleague, one of the reasons why those savings are not going where you want them to go is because they have not happened. They do not exist. We have not even gotten there; and I am getting a little worried about my staff, because as I walk into the room, they can figure out what question I am going to ask, and so they hand me the stuff for it. [Laughter.]

Mr. PETERSON. But where I am coming from is that we are hopeful—and the charts would suggest—that we are going to see some savings within a couple of years. But clearly, in 1996, you are at your peak negative according to this, and you might start getting to the break-even somewhere in 1997 and a half, something like that, and then, you may start finding something. So, obviously, defense has decided to take an early bite and help you catch up on some of your deficiencies in the quality of life aspects, particularly in the housing and the dormitories and so on.

The next question, though, is if we give you the kick and kind of push it along here, can we feel confident that we are going to have a plan that is going to find a solution to your quality of life problems in out years? And then, I guess the follow-on to that is in what year do you think you arrive at where we have done everything? You have a finite force now. I mean, you know what your force is going to be. You are even suggesting you might cut that some more in out years. So are you able to sit down and give us a plan that we can give some stability to this thing? I am fearful here that we are shotgunning it, is what I am saying, and I am not comfortable with that. I want something more secure. I do not like the ups and downs. I like to have a plan that goes from here and gets us to there, and I think we are at a point where we can do that now, having ended BRAC. And can you take this wild, unstructured question and structure some sort of response?

Mr. PIRIE. No, I think you are right about that. It is the same as the block obsolescence problem in weapons systems. We ought to figure out some way if we are going to have so many hundred ships to build so many ships a year so that we do not wind up with huge, intractable block obsolescence problems. And similarly with the houses and the buildings, we should figure out what it takes us to sustain that in the long run, and in practice, that is doable.

In family housing, it is a little complicated—and I hate to sit here and say it is all complicated—but it is a little complicated by the fact that we have new authorities that we have not even tested yet. I mean, the authorities that we got to form limited partnerships, we just got the funding this fiscal year. We have the vehicles

in place, and we are about to let two contracts. But that was authority that was in the fiscal 1995 authorization act. We have a new set of authorities in the fiscal 1996 authorization act that are only a couple of months old now because the act took so long to get through. We intend to try those this year. If those things work, they will allow us to leverage the amount of money that you give us annually for housing very substantially and bring in private capital to help us to build this housing. And if that works, we should, at the level that you support us now, be able to produce far more housing and far quicker cut a problem that—well, I am not sure we will ever get there at the present rate—but a problem that might take 10 or 15 years. We might be able to solve that within, say, 7 or 8 years.

So the answer is if the authorities that you have given us and the way we employ them work, we may be able to arrive at a situation in which we could declare satisfactory within a reasonable time horizon, 2005 or thereabouts.

Mr. PETERSON. But then, given the new authorities, you are confident that No. 1, you can make those work and stretch the bucks? And then, the other part is that you are confident you can bring down the unit costs.

Mr. PIRIE. Yes, sir; well, it is not a matter of bringing down the unit cost; it is a matter of getting the up-front money to do it.

Mr. PETERSON. But ad nauseam, I would have to mention my problem with the unit cost issue.

Mr. HEFLEY. We would be disappointed if you did not. [Laughter.]

Mr. PETERSON. I knew my colleagues would not let me miss this opportunity. We just absolutely have to bring the unit cost down. It just has to happen. And I do not want us to walk away and think just the new authorities are going to do it. You have to find some way not to accept contracts that pay 35 percent more for a unit cost than you would find in a like-type unit in a like-type neighborhood on a like-type base in a like-type city in a like-type country. And I do not think this committee is going to accept much less. And I know I have gone over my time, and I appreciate it, Mr. Chairman.

Mr. PIRIE. The question of bringing down unit cost ought to be aided by the authorities, which will allow us to set up corporations that are outside the Government procurement regulations and are not affected by some of the things like Davis-Bacon and other things that affect the contracts that we have to let, so that these private corporations ought to be in a good competitive position and ought to be able to produce housing at the local, going price.

Mr. HEFLEY. Please take that question of Mr. Peterson's—which he does ask frequently and rightly so—seriously, because I think the committee as a whole has concern about this as well. We just let Mr. Peterson ask it, but we all have a concern. [Laughter.]

Mr. HEFLEY. Mr. Ortiz.

Mr. ORTIZ. Thank you, Mr. Chairman.

I am sorry I was late coming into this hearing today, but Mr. Secretary, members of the panel, welcome. You know, I think that this committee was pleased to provide within the fiscal year 1996 legislation the tools for the Department of Defense to make great



strides to involve the private sector like has been mentioned before in reducing the military housing deficit. The ability to leverage our limited housing and military construction funds to acquire larger numbers of homes for our sailors is a potentially great quality of life improvement story.

Now, I understand that the Navy will soon be ready to inform the committee of their decision for contractor or developer selections of housing both in the Corpus Christi area—

Mr. PIRIE. Yes, sir.

Mr. ORTIZ [continuing]. I am very familiar with Corpus Christi, and, of course, Everett, WA. How will you fund these projects? And are any other services able to provide public-private contracts this year? As you know, this subcommittee provided I think it was \$22 million for the purpose of providing the seed money to start these projects this fiscal year, and I think the chairman will agree that we are anxious to see this program implemented as soon as possible. That is one of my questions.

And I just have one more question. We are increasingly hearing expressions of concerns regarding shortfalls in BRAC environmental cleanup money. We just received this information from the mayor of Vallejo, CA, and I quote: "The Navy's environmental cleanup schedule called for \$26 million in funding for this fiscal year. However, only \$11 million was allocated. Now, this shortfall in funding is creating extensive delays in testing, thereby delaying Mare Island's leasing development and creation of jobs." And that is the end of the quote.

Is it a fact that the Navy lost \$600 million in a rescission several years ago that cleanup funding has not been restored? And does the Navy have a BRAC shortfall? What more would you be able to do if you had more money? So these are the two questions that are important to me and members of this committee, and maybe you can touch on these questions, Mr. Secretary.

Mr. PIRIE. Maybe I can take the second one first.

Mr. ORTIZ. OK.

Mr. PIRIE. The \$600 million rescission hurt us very badly, and it is something that we are not particularly happy about. That said—and I will look into the Vallejo case carefully—their expectation may have been for that amount of money. It is not clear to me that the re-use is going to be delayed because only \$11 million is available for the cleanup in this particular year. But I will look into it and make sure that that is the case.

Mr. ORTIZ. Thank you, sir.

Mr. PIRIE. As to your first question, which is to the limited partnerships and are we ready to spend the \$22 million which you very kindly put into the budget in 1996, we are. We will have two excellent projects to announce to you shortly, and we are dealing with the Office of the Secretary of Defense about it at this moment. And as soon as the funding is settled, we will be prepared to go forward. I am not aware of anybody else who has projects ready to bring forward to use this amount of money, so that I hope that the Office of the Secretary of Defense will see its way clear to apportioning us as much as is necessary to implement the projects that we have ready to go.

Mr. ORTIZ. But the money is still there, the \$22 million, except the contracts have not been awarded; am I correct when I say that?

Mr. PIRIE. Yes, sir; that is correct.

Mr. ORTIZ. You know, and I would appreciate it—you have been very helpful to us, Mr. Secretary, and we have had a great working relationship. The chairman and I working together, we feel that this is a necessity. I mean, we have traveled domestically, and we have seen some of those bases. And even when they went to Desert Storm, I mean, you hate to send the young men away from home, and then the wife and children, they have a leaking roof, a crack in the wall, the lighting does not work; the plumbing does not work. You know, it is pretty bad to retain these military people when something like this happens.

And I know that we need to get more modern equipment and more missiles and so on and so forth. But if we do not get the quality of young men to man this equipment and these missiles, everything is lost. And you have been very caring, and I hope that soon, maybe we can see these contracts awarded, and we can start some of these housing projects that we have.

Mr. PIRIE. Yes, sir; thank you.

I agree entirely. And we will get on it as soon as possible.

Mr. ORTIZ. Thank you. Good to see you, sir.

Mr. PIRIE. Thank you, sir.

Mr. HEFLEY. Mr. Hansen.

Mr. HANSEN. I will pass.

Mr. HEFLEY. Let me ask a couple of quick questions, and then, Mr. Hunter would like to ask some questions; and I will do my impression of Mr. Hunter, since he apologizes, but he is at another hearing.

The Naval War College up in Rhode Island has a project for the building where they do the gaming and simulation and that kind of thing. And Mr. Machtley in the past and Mr. Kennedy now have impressed upon me the vital nature of that project for our national security. Yet I do not see that anywhere in your priority list and in the budget submission, Mr. Secretary. Where is that?

Mr. PIRIE. It is an important and worthy project. I, incidentally, spent 3.5 years myself in Simms Hall, which is the old wargaming center, and so I am aware of what a difference that would make. Just given the pressing priorities for the other kinds of things, when talking about piers and hangars and one thing and another, simply we have \$10 million for it, but that is about as much as we have been able to find. So it is a question of priorities. We want to do the project. We are looking for the money, but we have not yet identified it.

Mr. HEFLEY. We are talking \$18 million additional that you would like?

Mr. PIRIE. I think it is \$18 million; yes, \$18 million.

Mr. HEFLEY. Have you programmed it in the 5-year plan?

Mr. PIRIE. I do not think it is. It is not in the program.

Mr. HEFLEY. There are just simply other priorities that are more important? Not that this is not important, but there are more priorities that are?

Mr. PIRIE. Yes.



Mr. HEFLEY. General Braaten, Secretary Pirie, I believe earlier mentioned that we do not want them to get the idea that this is a second-class outfit, and they will not want to be in it, and yet the Marine Corps seems to be willing to accept barracks standards that are below the standard of all of the other services. Is that because the Marine Corps is a second-class outfit? You guys are supposed to be fighters. Why are you willing to accept that?

General BRAATEN. Sir, it is the only way to affect a large number of Marines quickly. If we go with a one-by-one standard, based on the amount of money that we are spending, we are looking at somewhere out of the 2088 timeframe. Going by the two-by-zero—and we are now going through the POM 1988 process, and the Commandant has gotten very interested in this. We are talking to our programmers. From my point of view as the facilities man, I am looking to try to put \$50 million a year into the BEQ so I can get out of the inadequate space, inadequate meaning the squad bays, the gang heads, and I would like to be able to finish that within 10 years. And that, of course, does not count our trainees and our recruits. We are going to leave them in the squad bays, because I think that is probably appropriate for the new folks into the Marine Corps.

We are certainly not a second-class citizen, and we realize that if all of the other services have a one-by-one, as a young person looks at where they want to go, that could possibly be a consideration. We think we have enough other things to offer that this will allow us to help more Marines more quickly, and then, we will move to the one-by-one standard once we can afford to. We are not saying that it is not important; we are just saying that we simply need to help more Marines more quickly.

Mr. HEFLEY. OK; let me go to Mr. Hunter's questions here if I might, Secretary Pirie, and I will just read what Mr. Hunter has asked here. "Secretary Pirie, in your statement, you mention the need for withdrawal of 46,600 acres of public land at NAF El Centro, CA. You pointed out in your statement that the California Desert Protection Act included a provision that stated that all military uses of such lands shall cease on January 1, 1997, unless authorized by subsequent act of Congress. I cannot emphasize enough to my colleagues that the use of these lands for initial and continued training of our Naval aviators is critical. The Desert Target Range is used for air-to-ground bombing, rocket firing, strafing and bomb dummy drops. In addition, due to its dense population and remote location, NAF El Centro provides uncluttered air space for training purposes, which allows the Navy to accommodate approximately 160,000 training hours a year. Secretary Pirie, in light of the critical military need to maintain these training ranges, I have introduced legislation in H.R. 1308 to withdraw these lands. I am a little concerned that neither the Navy nor the Department of the Interior have forwarded to the appropriate committee the formal request for withdrawal. We know what lands need to be withdrawn, and I know that at the local and state level there is agreement that has been reached. When can we expect something from the Navy?"

Did I do pretty well on the Hunter thing? Did it kind of make you think that Duncan was here?

Mr. PIRIE. Yes, sir; it is as good of an imitation as I have seen today. [Laughter.]

This land withdrawal is absolutely vital to us. We must have that range. And the legislative package is working its way through the intricacies of approval in the Department of Defense and the Office of Management and Budget. It is on its way. We expect it to arrive imminently.

Mr. HEFLEY. It will be here shortly?

Mr. PIRIE. Yes, sir.

Mr. HEFLEY. Are there still issues between the Navy and the Department of the Interior?

Mr. PIRIE. I do not think that any issues remain to be resolved. I think it is simply crossing the t's and dotting the i's in the legislation.

Mr. HEFLEY. I think you answered his next question: "Mr. Secretary, I think it would be helpful to our subcommittee if you could provide us with detailed information regarding the critical military mission that the NAF El Centro ranges perform. As we consider this issue, I think this information will help my colleagues understand the urgent need to approve this withdrawal." Well, you have just said that there is very urgent need. Where would you go if you do not have this? There is not much place to go, is there, to duplicate this?

Mr. PIRIE. There are not any convenient places to go, certainly. And wherever we would go, we would run into the problem of crowding and two units wanting to use range space when there is only room for one. So, we need this range space, and it is essential to a base that we have, to support its operations.

Mr. HEFLEY. Jim, did you have—

Mr. HANSEN. If the chairman would yield on that point, the Utah Test and Training Range is not too far away, and it is zero to 58,000 feet of unrestricted air space, the only one that there is in the whole area. It is bigger than three western States. And now, it is being underutilized according to the Air Force. And I just thought possibly you would want to give that some consideration.

And having said that, and pulling the tongue out of my cheek, let me add one other thing: As chairman of the Public Lands Subcommittee, it seems like we have a provision in one of those things that specifically does not allow the National Park Service or BLM or Forest Service to in any way infringe upon the rights of the military to use that area. Do you remember that, Joel? So we may have something at cross purposes here, and maybe we had better ferret that out and find out if we have something that is a little tacky here, because I do not think they can do that. And we have specifically told them—the Park Service and others—you will pass nothing that restricts military training in those areas.

Mr. PIRIE. Well, particularly the provision requiring withdrawal is in a public law. I mean, it is a fact that we are just faced with and dealing with.

Mr. HEFLEY. That was in the law here, so we do have to withdraw. But I do remember the provision you are talking about. We have seen that in several bills—

Mr. HANSEN. Yes.



Mr. HEFLEY [continuing]. That have gone through the Natural Resources Committee.

Let me ask my standard question, if I might, and I know you are dealing with a finite-sized pie, and you make choices based upon that pie. But when we are talking about modernization, recapitalization, improvement of quality of life, buyout of lingering facilities deficits and so forth, if you just could dream and have your desires here, how much more could you use in terms of budget authority to deal with these needs? Would it be two times larger? Three times larger?

Mr. PIRIE. Let me start with something that I should have added in response to Congressman Ortiz's question which is kind of the mirror image of that question before I actually try to answer it. One of the things that concerns me as we develop the authorities and we leverage our own limited funding with private capital is that someone in the budget circuit is going to say, well, now that you have all of this authority and are producing a lot more houses, you do not need so much authority, and so we will just cut you back to the ability to produce houses as you were able to do before. Having been around here—this is not exactly my first tour of duty in Washington—but my second tour has lasted about 32 years, I have seen that happen before. So let me just express a concern to the committee that the leverage is fine as long as it does not leverage additional money out of our housing budget.

Now, how much could we spend? Could we spend twice as much on military housing? Could we execute that? Probably not; I would defer to Admiral Nash as to the practical execution questions.

Mr. HEFLEY. Go beyond MILCON housing. What about other MILCON as well?

Mr. PIRIE. We are looking at something on the order of roughly \$500 million for straight MILCON this year. We have in the past done two to three times that much. And so I think as a matter of execution, we could certainly do that, and I could think of projects, yes, sir, that would fill that bag.

Mr. HEFLEY. Admiral, did you want to—

Admiral NASH. If I may, sir, the thing that drives us is to have adequate time to plan and design. It is the process that really determines how fast we can execute normally. And, given time, we can plan.

Mr. HEFLEY. Mr. Ortiz.

Mr. ORTIZ. I just wanted to say something. Now, somebody testified in front of a committee here that we had some time back and said that some of the commanders—and we talk about the private sector and the military joining forces to build houses—that there was the possibility that maybe some of the commanders were afraid to lose control. Has that become a problem?

Mr. PIRIE. I do not think so. I think where we have leased housing now, it is working extremely well and meeting the needs of the commanders as well or better than their base housing.

Mr. ORTIZ. I am glad to hear that.

Mr. PIRIE. I do not think it is a problem.

Mr. ORTIZ. Thank you.

Mr. HEFLEY. Committee, are there any other questions of this panel?

Mr. Peterson.

Mr. PETERSON. Mr. Chairman, just to pick off what Admiral Nash said, you cannot build something if it is not designed. And I think we on this committee have to be careful that we do not overload. That is why I want the plan. I want something that is sustainable. And having been in the system, I know that there is a period required for this design and manipulation process. Then, you can throw all the bucks you want to at it, and then you can speed it up. But you cannot do it until that happens. And so, we can get these folks overloaded with cash that they cannot use if we are not careful. And, of course, you folks have to tell us where that is. I do not think you are there yet. You probably have some stuff on the shelf that you can fund and build. It may not be your priority, but in my other life, I was a person who had things on the shelf, because I knew how the system worked, so that if we got any more money, we could go and do it. But I think maybe you all should give us a plan—worst-case scenario, given all of the things you gave us, that is to say new authorities; how far do you stretch it? Do we continue to give you the same amount of money? All of those things; you can do a plan that will get you the design money necessary to let us start accelerating this stuff in out years, and that is the caveat that I wanted to leave with us here, that it is not just a simple matter of throwing money.

Mr. PIRIE. Yes, sir.

Mr. HEFLEY. Mr. Secretary and the rest of the panel, we thank you and appreciate your being here today. We will see what we can do for you.

Mr. PIRIE. Thank you very much, Mr. Chairman. I appreciate it.

Mr. HEFLEY. OK, if the next panel will join us; our next panel will present the Air Force military construction budget request for fiscal year 1997.

Secretary Dishner, we look forward to hearing from you and welcome back again as well as General Lupia, General Weaver, and General Bradley. Mr. Secretary, we will turn it over to you, and then, we can proceed in the order you would like.

**STATEMENT OF JIMMY G. DISHNER, DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS), ACCOMPANIED BY MAJ. GEN. EUGENE A. LUPIA, THE CIVIL ENGINEER, HEADQUARTERS, U.S. AIR FORCE; BRIG. GEN. PAUL A. WEAVER, DEPUTY DIRECTOR, AIR NATIONAL GUARD; BRIG. GEN. JOHN A. BRADLEY, DEPUTY TO THE CHIEF OF AIR FORCE RESERVE**

Mr. DISHNER. Thank you, Mr. Chairman.

We are happy to be here again 1 year later after coming on board with the Air Force as the deputy assistant secretary upon my predecessor's retirement, and we look forward to working with your committee, as my predecessor did for many, many years.

I would like to share with the committee three themes that to me are underpinning what General Lupia and I are working for in the Air Force and the MILCON, and I think there are three that the Secretary and the Chief of Staff ascribe to and have challenged us to bring to the fore and accomplish; and it is in the area of efficiency, supporting new missions and people programs. As you



know, the recent BRAC closure list and other BRAC's have now got us down to a level where we need, then, to look within the bases themselves, look at what I refer to as right-sizing, going to make sure that we are using the space that is left—that is both in land use but also within buildings—and I think those efficiencies will take us awhile to realize, but we are looking very, very hard at that, to make sure that those bases that are left that we are using them as fiducially responsibly as we should be.

Demolition, consolidation, divestiture, and privatization are some of the ways that we are doing that in the BRAC process by taking care of what we own in the overseas and infrastructure area and in the environment. Infrastructure, as was just mentioned by your previous panel, is very, very critical to us. Now that we have 82 bases left in the Air Force worldwide, we now need to go and look at those bases, look at the infrastructure, and take care of that. Now, there are a couple of ways we can do that, but one way we want to look at is through the privatization. The service is now looking—and this committee could be very helpful to that—to look at legislation that would allow us, based on economics, obviously, to work with the local communities on infrastructure needs that we have: water plants, wastewater treatment plants, et cetera, to have them come; and we have had offers already from communities asking us if could they do that for us. And to me, this is a great saving on the privatization, and we will talk about housing here in a moment, but to me, that is an area that the Air Force could save a great deal of the taxpayers' money, and we are looking hard at that.

The second theme is supporting new missions and weapons system modernization, which is extremely critical to the U.S. Air Force. Our Chief of Staff has said the purpose of the Air Force is to fight and win wars. We do not do that alone on installations; we do that with leading technology and leading equipment that has been purchased to do that: the C-17, the F-22 and, of course, the new unmanned aerial vehicle. The Guard and Reserve have conversions as they go throughout their bases. As you know, they have C-130's. They now have the B-1 to fly. So we in the Air Force on the operational side have now probably personified the total force. It is not just the active duty alone with help from Guard and Reserve. As you know, the Reserve flies close to 50 percent of our total hours and needs in the C-5 and also in the new aircraft, the C-17, to Europe. They are very, very critical, and that is why they sit at the table with General Lupia and me today, because that is the way the Air Force does it. We testify and we support each other on our bases that we have because of the impact that both the Guard and the Reserve have on our jobs.

Finally—but not in that order necessarily—are our people programs. They are critical, as you heard from the previous panel. I think the Air Force will take second seat to no one in how we look at our dormitories, how we look at our housing, and what we do for our men and women no matter where they are assigned throughout the world. Turning up on modernization, we will continue to emphasize the quality of life. We are looking at our dormitories in three different ways: to meet the one-plus-one as we get rid of something that General Lupia has personally taken as a goal

with support from the Chief of Staff is to eliminate gang latrines, and we have approximately 50 of those left. As we renovate those for that reason, they will go to one-plus-one. As we submit programs to you for additional dormitories as we have in this program this year, we will also go in for one-plus-one and build them that way, and then, any renovations that we will do in the interim for whatever needs there may be, we will also get them to one-plus-one. This, to me, is one of the key things that we need to do for our unaccompanied young men and women who live in the dorms so that we can provide privacy, which is the No. 1 concern that they have expressed to us.

As mentioned before, again by the other panel, the key in family housing is that we use the private sector to fund, in addition to what this committee has been great over the years to fund, for family housing. If we have a 20-year backlog, and we go to the private sector to build a certain number of those units, and we lose the funding that this committee has been so helpful with, then the 20 years did not change. So what we want to do is to be able to take the other guy's money, which is the private sector. We want to incentivize them to build the houses and not be exposed to Davis-Bacon—and we will, I am sure, talk about unit costs later on—so that we do not get exposed to those high costs and will be able to produce the housing and deliver maybe in 10 to 12 years what now is going to take us over 20 years or 22 years, depending on how you calculate that. So we are very, very sensitive. The Air Force has been No. 1 with their people; we continue to do that; we are happy to do that, because they produce for us, and they produce for you and all citizens.

Again, the Air Force is very, very respectfully laudatory to this committee and what you have done for us, and we look forward to working with you on this program, Mr. Chairman.

Thank you very much.

We stand ready, by the way, to answer any questions right now. No one else has an oral statement to make. We will go and answer your questions as you would like, sir.

[The prepared statement of Mr. Dishner follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON NATIONAL SECURITY  
SUBCOMMITTEE ON MILITARY INSTALLATIONS AND FACILITIES

HOUSE OF REPRESENTATIVES

MARCH 1996

SUBJECT: FISCAL YEAR 1997  
AIR FORCE MILITARY CONSTRUCTION PROGRAMS

STATEMENT OF: MR. JIMMY G. DISHNER  
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE  
(INSTALLATIONS)

NOT FOR PUBLICATION UNTIL RELEASED  
BY THE COMMITTEE ON NATIONAL SECURITY  
HOUSE OF REPRESENTATIVES



# BIOGRAPHY

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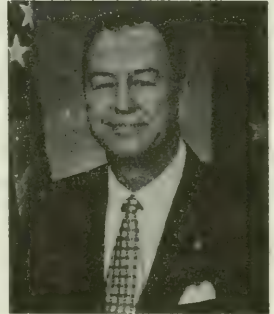
**Secretary of the Air Force**  
**Office of Public Affairs**  
 Washington, D.C. 20330-1690

## JIMMY DISHNER

Jimmy Dishner is deputy assistant secretary of the Air Force for installations, Washington, D.C. He is responsible for the management, policy and oversight of the \$6 billion annual Air Force installation and facility programs which include facility management, military construction, family housing, acquisition, maintenance, operation, repair and disposal of real property.

Mr. Dishner was born in Bristol, Va. He earned a bachelor of engineering degree from The Citadel Military College in 1960, and a master of engineering degree from Texas A&M University in 1966.

Mr. Dishner served on active duty from 1961 until 1971, and in the Air Force Reserve from 1971 until 1994 as a mobilization augmentee in the comptroller, logistics, systems and civil engineering disciplines. He was recalled to active duty in 1990 during Operations Desert Shield and Desert Storm, and again from 1992 until 1993. He was promoted to brigadier general in the Air Force Reserve July 30, 1990 and retired July 15, 1994. He assumed his current position in March 1995.



Mr. Dishner is married to the former Linda Whitcher of Hamden, Conn., and has two children, Cheryl and Jeffrey.

### EDUCATION:

1960	Bachelor of science degree in civil engineering, The Citadel, Charleston, S.C.
1966	Master of engineering degree, Texas A&M University, College Station, Texas
1966	Squadron Officer School, Maxwell Air Force Base, Ala.
1976	Air Command and Staff College
1982	National Security Management Course

### CAREER CHRONOLOGY:

1. 1960, commissioned as a second lieutenant, Air Force Reserve Officer Training Corps program
2. 1961, student, civil engineering course, Wright-Patterson Air Force Base, Ohio
3. 1961, civil engineering group, Mather Air Force Base, Calif.
4. 1963, chief of industrial engineering, Webb Air Force Base, Texas
5. 1966, graduated from Texas A&M College, College Station, Texas
6. 1966, completed Squadron Officer School
7. 1968, commander, 819th Red Horse Squadron, Pleiku Air Base, South Vietnam
8. 1968, construction manager, civil engineering, Headquarters U.S. Air Force, Washington, D.C.
9. 1969, executive officer, deputy director, civil engineer, Headquarters U.S. Air Force, Washington, D.C.



10. 1971, reserve mobilization assistant, deputy director, civil engineering directorate, Headquarters U.S. Air Force, Washington, D.C.
11. 1972, chief engineer, Larwin Corp., Atlantic Division, Washington, D.C.
12. 1974, budget officer, comptroller, Headquarters U.S. Air Force, Washington, D.C.
13. 1974, vice president of operations, Round Valley, Inc., Clinton, N.J.
14. 1979, president, Applewood, Inc., Allentown, Pa.
15. 1984, president and chief executive officer, J. Gordon Dishner Associates, Clinton, N.J.
16. 1984, mobilization assistant to the deputy director, Office of Civil Engineer, Headquarters U.S. Air Force, Washington, D.C.
17. 1986, mobilization assistant to the armament division commander, Eglin Air Force Base, Fla.
18. 1990, mobilization assistant to the Air Force civil engineer, Headquarters U.S. Air Force, Washington, D.C.
19. 1990, recalled to active duty during Operations Desert Shield and Desert Storm, Headquarters U.S. Air Force, Washington, D.C.
20. 1992, recalled to active duty as deputy for base disposal matters, Headquarters U.S. Air Force, Washington, D.C.
21. 1994, retired from Air Force Reserve
22. March 1995 - present, deputy assistant secretary of the Air Force for installations, Washington, D.C.

#### **MAJOR AWARDS AND DECORATIONS:**

Distinguished Service Medal  
 Legion of Merit with oak leaf cluster  
 Bronze Star Medal  
 Meritorious Service Medal with three oak leaf clusters  
 Republic of Vietnam Gallantry Cross with Palm

#### **OTHER ACHIEVEMENTS:**

Outstanding Junior Officer, Phu Cat Air Base, South Vietnam

#### **PUBLISHED ARTICLES:**

*"Reorganization Network" and "Management by Critical Path," Civil Engineer Magazine*  
*"Engineer and Service Reserve Forces" and "Men Behind the Uniform," The Military Engineer, Society of American Military Engineers*

#### **PROFESSIONAL MEMBERSHIPS AND AFFILIATIONS:**

Director, The Citadel Alumni Association  
 Fellow, The Society of American Military Engineers  
 Chairman, Tewksbury Board of Adjustment  
 Air Force Association  
 Veterans of Foreign Wars  
 Reserve Officer Association  
 Court Certified Expert, Land Development  
 Professional engineer  
 Howard University School of Divinity Board of Visitors  
 Vice chairman, Design Advisory Committee, USAF  
 Chairman, Planning Assistance Teams, USAF

(Current as of June 1995)

**INTRODUCTION**

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, GOOD AFTERNOON. I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS THE DEPARTMENT OF THE AIR FORCE FISCAL YEAR 1997 MILITARY CONSTRUCTION PROGRAM. WITH ME TODAY IS MAJOR GENERAL EUGENE A. LUPA, THE AIR FORCE CIVIL ENGINEER; BRIGADIER GENERAL JOHN A. BRADLEY, DEPUTY CHIEF OF THE AIR FORCE RESERVE; AND BRIGADIER GENERAL PAUL A. WEAVER, DEPUTY DIRECTOR OF THE AIR NATIONAL GUARD.

**OVERVIEW**

AS YOU KNOW MR. CHAIRMAN, BECAUSE OF A DECLINING DEFENSE BUDGET AND CHANGES IN THE THREAT, THE AIR FORCE HAS UNDERGONE MAJOR REORGANIZATION COMBINED WITH SUBSTANTIAL REDUCTIONS IN ITS FORCE STRUCTURE AND A SIGNIFICANT AMOUNT OF BASE CLOSURES. NEVERTHELESS, AS BENEFICIAL AS BOTH CONTINENTAL U.S. AND OVERSEAS BASE REALIGNMENTS AND CLOSURES HAVE BEEN, THE AIR FORCE IS CONTINUING TO FOCUS ON REDUCING OUR PHYSICAL PLANT IN ORDER TO ENSURE IT EFFICIENTLY SUPPORTS AIR FORCE MISSIONS AND FORCE STRUCTURE. WE ARE PURSUING THIS "RIGHTSIZING" OF THE AIR

FORCE PHYSICAL PLANT USING A VARIETY OF MEANS WHICH INCLUDE DEMOLITION, CONSOLIDATION, DIVESTITURE AND PRIVATIZATION.

THE AIR FORCE NETWORK OF INSTALLATIONS THAT WE DO RETAIN WILL BE A LEAN ONE, DEMANDING THAT IT ALSO BE VERY EFFICIENT. THIS INCREASED EFFICIENCY WILL REQUIRE SUSTAINED AND PRUDENT INVESTMENT IN ORDER TO ARREST TODAY'S STEADY RATE OF FACILITY AND INFRASTRUCTURE DETERIORATION AND IN ORDER TO PROVIDE A DEPENDABLE PHYSICAL PLANT FROM WHICH TO SUPPORT TOMORROW'S AIR FORCE.

- IT WILL REQUIRE INVESTMENT IN THE FACILITY REQUIREMENTS SUPPORTING THE CRITICAL NEW MISSIONS AND WEAPON SYSTEM MODERNIZATION PROGRAMS THE AIR FORCE IS PURSUING TO GUARANTEE FUTURE RELEVANCY.
- IT WILL REQUIRE CONTINUED INVESTMENT IN THE FACILITY PROGRAMS WHICH PROVIDE A SOUND QUALITY OF LIFE FOR AIR FORCE PEOPLE--OUR MOST IMPORTANT RESOURCE.
- IT WILL REQUIRE REINVESTMENT IN THE FEW REMAINING OVERSEAS BASES, WHICH EVEN AFTER HOST-NATION

BURDENSARING HAVE NUMEROUS FACILITY NEEDS CRITICAL TO AIR FORCE GLOBAL REACH AND GLOBAL POWER.

- AND IT WILL REQUIRE INVESTMENT IN THE WORN OUT INFRASTRUCTURE OF OUR RETAINED PHYSICAL PLANT, TO INCLUDE UTILITY SYSTEMS AND ROADS, THAT USUALLY GO UNNOTICED UNTIL THEY FAIL AND BECOME READINESS AND QUALITY OF LIFE ISSUES THEMSELVES.

HOWEVER, EVEN OUR BEST STEWARDSHIP OF DECLINING RESOURCES WILL NOT BE ENOUGH. THE AIR FORCE RECOGNIZES THAT WE MUST LOOK AT OUR INSTALLATIONS' FACILITY REQUIREMENTS DIFFERENTLY THAN IN THE PAST. THIS IS WHY THE AIR FORCE WAS VERY SUPPORTIVE OF THE FISCAL YEAR 1996 LEGISLATION ENABLING US TO PURSUE PRIVATIZATION OF MILITARY HOUSING. WE'RE ANXIOUS TO PUT THIS AUTHORITY TO USE. FURTHERMORE, WE'RE ALSO EXCITED ABOUT THE POTENTIAL OPPORTUNITIES TO PRIVATIZE OTHER PARTS OF OUR INSTALLATION PHYSICAL PLANT WHERE IT MAKES SENSE.

MR. CHAIRMAN, WE ARE COGNIZANT THAT THE AIR FORCE COULD NOT MAINTAIN THE QUALITY OF ANY OF OUR FACILITIES AND THE ADVANTAGES THEY PROVIDE WITHOUT THE STRONG SUPPORT WE HAVE



ALWAYS RECEIVED FROM THIS COMMITTEE, FOR WHICH WE ARE MOST GRATEFUL.

WITH THIS BACKGROUND, MR. CHAIRMAN, I WOULD LIKE TO PROCEED NOW TO DISCUSS THE MAJOR PROGRAM AREAS OF OUR MILCON BUDGET REQUEST. I WILL REVIEW THE ACTIVE FORCE PROGRAM-- INCLUDING MILITARY FAMILY HOUSING, THE AIR NATIONAL GUARD PROGRAM, AND THE AIR FORCE RESERVE PROGRAM. FINALLY, I WILL ADDRESS THE AIR FORCE PART OF THE DEPARTMENT OF DEFENSE BUDGET REQUEST FOR THE BASE REALIGNMENT AND CLOSURE ACCOUNTS.

#### **AIR FORCE MILITARY CONSTRUCTION BUDGET**

THE TOTAL AIR FORCE MILITARY CONSTRUCTION BUDGET REQUEST FOR FISCAL YEAR 1997 IS \$1.79 BILLION. THIS REQUEST INCLUDES \$1.66 BILLION FOR THE ACTIVE DUTY MILITARY CONSTRUCTION (\$603 MILLION FOR TRADITIONAL MILCON AND \$1.060 BILLION FOR MILITARY FAMILY HOUSING), \$75.4 MILLION FOR THE AIR NATIONAL GUARD MILCON, AND \$51.7 MILLION FOR THE AIR FORCE RESERVE MILCON.

**ACTIVE DUTY AIR FORCE MILITARY CONSTRUCTION PROGRAM**

THE ACTIVE AIR FORCE'S FY 1997 MILITARY CONSTRUCTION AND FAMILY HOUSING PROGRAMS WERE DEVELOPED USING A FACILITY INVESTMENT STRATEGY WITH THE FOLLOWING OBJECTIVES:

- SUPPORT NEW MISSION & WEAPON SYSTEM BEDDOWNS
- TAKE CARE OF WHAT WE OWN
- CONTINUE TO IMPROVE QUALITY OF LIFE
- REINVEST OVERSEAS
- CONTINUE INVESTMENT IN ENVIRONMENTAL PROGRAMS

**PROGRAM OVERVIEW**

THE ACTIVE DUTY AIR FORCE MILITARY CONSTRUCTION REQUEST FOR FY 1997 TOTALS \$1.66 BILLION. INCLUDED IN THIS FIGURE IS \$603 MILLION FOR TRADITIONAL MILCON PROJECTS AND \$1.060 BILLION FOR MILITARY FAMILY HOUSING (MFH). THIS COMPARES TO A FY 1996 REQUEST OF \$1.593

BILLION, WHICH INCLUDED \$495 MILLION FOR MILCON AND \$1.098 BILLION FOR MFH.

**NEW MISSION: PROVIDE TIMELY SUPPORT TO NEW MISSION &  
WEAPON SYSTEM BEDDOWNS**

THE AIR FORCE IS EVER EVOLVING; MODERNIZING AND REALIGNING WEAPON SYSTEMS TO GUARANTEE FUTURE RELEVANCY IN AN EVER CHANGING WORLD. WE ARE DEVELOPING, TESTING AND FIELDING NEW AIRCRAFT, SATELLITES, AND COMMUNICATIONS SYSTEMS. WE ARE REALIGNING OUR AIRCRAFT TO TAKE BETTER ADVANTAGE OF THEIR CAPABILITIES. MILITARY CONSTRUCTION IS NEEDED TO SUPPORT THESE PROGRAMS, WHICH INCLUDE THE C-17, F-22, JOINT STARS, UNMANNED AERIAL VEHICLE, AND SPACE BASED INFRARED SYSTEM.

**C-17**

THE C-17 AIRCRAFT WILL REPLACE THE AGING C-141. IN NOVEMBER 1995, THE DECISION WAS ANNOUNCED THAT THE AIR FORCE WOULD BUY A TOTAL OF 120 C-17S. AT THAT TIME, MCCHORD AIR FORCE BASE, WASHINGTON, WAS ANNOUNCED AS THE SECOND OPERATIONAL BASE FOR THE AIRCRAFT. WE HAD ALREADY IDENTIFIED CHARLESTON AIR FORCE BASE, SOUTH CAROLINA, AS THE FIRST OPERATIONAL BASE AND ALTUS AIR FORCE BASE, OKLAHOMA, AS THE C-17 TRAINING BASE.

PRIOR YEAR PROJECTS AT CHARLESTON AIR FORCE BASE TOTAL \$73.9 MILLION AND AT ALTUS AIR FORCE BASE, \$83 MILLION. THE FY 1997 PROGRAM IS FOR FOUR PROJECTS AT CHARLESTON AIR FORCE BASE TOTALING \$29.3 MILLION AND EIGHT PROJECTS AT MCCHORD AIR FORCE BASE TOTALING \$51.8 MILLION.

#### F-22 ADVANCED TACTICAL FIGHTER

THE PROJECT AT EDWARDS AIR FORCE BASE, CALIFORNIA, FOR \$4.4 MILLION IS AN ALTERATION OF AN AIRCRAFT MAINTENANCE FACILITY TO SUPPORT THE ENGINEERING AND MANUFACTURING DEVELOPMENT (EMD) PHASE OF THE F-22 PROGRAM. THE FIRST F-22 EMD AIRCRAFT IS SCHEDULED FOR DELIVERY IN FY 1996. THIS PROJECT ONLY SUPPORTS THE DEVELOPMENT PHASE OF THE F-22.

#### JOINT STARS

WE ARE REQUESTING \$19 MILLION FOR FOUR PROJECTS AT ROBINS AIR FORCE BASE, GEORGIA, TO PROVIDE FACILITIES NEEDED FOR BEDDOWN OF THE JOINT STARS AIRCRAFT. ROBINS AIR FORCE BASE IS THE SINGLE MAIN OPERATING BASE FOR THE 19 PRIMARY ASSIGNED AIRCRAFT. PRIOR YEAR MILCON TO SUPPORT JOINT STARS AT ROBINS AIR FORCE BASE TOTALS \$73.4 MILLION. FUTURE MILCON REQUIREMENTS AT ROBINS AIR FORCE BASE TOTALS \$25.6 MILLION. THERE ARE TWO



FORWARD OPERATING LOCATIONS, ONE IN EUROPE AT RAF FAIRFORD, UNITED KINGDOM, AND ONE IN THE PACIFIC, AT KADENA AIR BASE, JAPAN. THESE WILL REQUIRE MINIMAL OPERATIONS, MAINTENANCE, AND SUPPORT FACILITIES.

#### UNMANNED AERIAL VEHICLE (UAV) BEDDOWN

THE HIGH ALTITUDE ENDURANCE UNMANNED AERIAL VEHICLE IS NEEDED TO PROVIDE COMMANDERS THE FLEXIBILITY TO ACQUIRE NEAR-REAL TIME RECONNAISSANCE AT EXTENDED RANGES AND DURATIONS IN ALL-WEATHER, DAY/NIGHT, WIDE AREA SURVEILLANCE IN ACTIVE THREAT ENVIRONMENTS AND IN EMERGING CRISIS AREAS IN SUPPORT OF MILITARY OPERATIONS. AFTER DEMONSTRATION OF TWO OF THE SYSTEMS, RESIDUAL UAVs WILL BE DISTRIBUTED AMONG THE SERVICES. OUR 1997 MILCON PROJECT SUPPORTS FIVE TO TEN AIRCRAFT AT INDIAN SPRINGS AIR FORCE FIELD, NEVADA. THE \$4.7 MILLION PROJECT PROVIDES A SQUADRON OPERATIONS/AIRCRAFT MAINTENANCE UNIT/HANGAR/TRAINING FACILITY.

#### SPACE BASED INFRARED SYSTEM (SBIRS)

THE GOAL OF THE SBIRS PROGRAM IS TO CONSOLIDATE ALL SPACE BASED INFRARED SYSTEMS INTO ONE INTEGRATED ARCHITECTURE. SBIRS REPLACES THE EXISTING DEFENSE SUPPORT PROGRAM PROVIDING

EARLY WARNING AND ASSESSMENT. THE SBIRS WILL CONSIST OF A MISSION CONTROL STATION AND TWO UNMANNED RELAY GROUND STATIONS. IT WILL CONSOLIDATE THE DEFENSE SUPPORT PROGRAM FUNCTIONAL CAPABILITY AT THE MISSION CONTROL STATION AND ENABLE US TO CLOSE DOWN TWO MANNED OVERSEAS GROUND STATIONS. THE MISSION CONTROL STATION WILL BE LOCATED AT BUCKLEY AIR NATIONAL GUARD BASE, COLORADO, AND THE TWO UNMANNED RELAY STATIONS WILL BE LOCATED IN AUSTRALIA AND EUROPE. THE \$14M MILCON PROJECT IN FY 1997 WILL CONSTRUCT THE MISSION CONTROL STATION OPERATIONS FACILITY AT BUCKLEY.

**CURRENT MISSION: TAKE CARE OF WHAT WE OWN**

“TAKING CARE OF WHAT WE OWN” IS THE BASIC AIM OF OUR CURRENT MISSION MILCON. THESE PROJECTS SUPPORT EXISTING MISSIONS ON OUR INSTALLATIONS. BY REPAIRING AND REPLACING WORN OUT FACILITIES AND INFRASTRUCTURE. DURING THE BRAC PROCESS, WE DELIBERATELY DELAYED FUNDING FOR MOST OF THE CURRENT MISSION MILCON WHILE WE AWAITED THE FINAL CLOSURE DECISIONS. NOW THAT THE BRAC PROCESS IS BEHIND US, WE NEED TO RELOOK AT OUR REMAINING INSTALLATIONS AND ASSESS THEIR INFRASTRUCTURE AND FACILITY NEEDS. IN THE COMMANDERS’ FACILITY ASSESSMENT, OUR INSTALLATION COMMANDERS ARE

CHARGED WITH EVALUATING THEIR FACILITIES IN TERMS OF THEIR ABILITY TO SUPPORT THE MISSION AND QUANTIFY THE COST TO RESTORE THEM TO FULL MISSION READINESS.

IN ORDER TO EFFECTIVELY USE AVAILABLE RESOURCES TO CARE FOR WHAT WE OWN, WE CONTINUE TO LOOK FOR OPPORTUNITIES TO CONSOLIDATE FUNCTIONS IN RETAINED FACILITIES AND DEMOLISH EXCESS, UNECONOMICAL FACILITIES. CONSOLIDATING FUNCTIONS WHERE POSSIBLE AND PRACTICAL AND DEMOLISHING OLD, UNECONOMICAL FACILITIES HELPS REDUCE INFRASTRUCTURE OPERATIONS AND MAINTENANCE (O&M) COSTS. OUR FY 1997 MILCON PROGRAM HAS SEVERAL CONSOLIDATION PROJECTS WITH ASSOCIATED DEMOLITION OF THE OLD FACILITY. TO HELP WITH DEMOLITION OF FACILITIES NOT TIED TO A MILCON PROJECT, WE DEDICATED \$40 MILLION OF THE FY 1996 \$151 MILLION O&M CONGRESSIONAL PLUS-UP TO DEMOLITION. OUR MAJOR COMMANDS ARE ADDING ANOTHER \$17 MILLION FOR A TOTAL OF \$57 MILLION AGAINST AN \$83 MILLION FY 1996 DEMOLITION REQUIREMENT.

OUR FY 1997 CURRENT MISSION MILCON TAKES CARE OF SOME OF OUR EXISTING INFRASTRUCTURE. THE NON-QUALITY OF LIFE CURRENT MISSION PROGRAM TOTALS \$144 MILLION. THE PROGRAM CONSISTS OF

UTILITY PROJECTS AND RENOVATION PROJECTS FOR: AIRCRAFT HANGARS, SEVERAL FIRE STATIONS, SQUADRON OPERATIONS FACILITIES, CONTROL TOWERS, SUPPORT FACILITIES, A SECURITY POLICE OPERATIONS FACILITY, A LOGISTICS WAREHOUSE, A BASE OPERATIONS FACILITY, A COMBAT ARMS TRAINING FACILITY, AN AIRCRAFT MAINTENANCE FACILITY AND AN ENGINEERING AND RESEARCH FACILITY. THESE PROJECTS REPLACE OR UPGRADE EXISTING FACILITIES RATED UNSATISFACTORY BY THE INSTALLATION COMMANDERS.

### **QUALITY OF LIFE**

THE DEPARTMENT OF THE AIR FORCE CONTINUES TO PLACE GREAT EMPHASIS ON SUPPORTING OUR MOST VALUABLE ASSETS--THE MEN AND WOMEN OF THE AIR FORCE TEAM--THROUGH THE SECRETARY'S "PEOPLE FIRST" INITIATIVE, WHICH INCLUDES PROVIDING QUALITY FACILITIES FOR OUR PEOPLE TO LIVE AND WORK IN. DURING THESE TIMES OF DOWNSIZING AND REALIGNMENT, IT IS IMPORTANT THAT WE MAINTAIN A REASONABLE QUALITY OF LIFE FOR OUR SERVICE MEMBERS AND THEIR FAMILIES. AN ADEQUATE STANDARD OF LIVING IS A MAJOR CONTRIBUTOR IN RETAINING OUR MOST CAPABLE PEOPLE, WHICH IN TURN IMPACTS READINESS. IN THE FACILITIES ARENA OUR QUALITY OF LIFE EFFORTS FOCUS ON IMPROVING UNACCOMPANIED AND FAMILY



LIVING QUARTERS AND UPGRADING THE COMMUNITY SUPPORT ENVIRONMENT.

PRIVACY REMAINS THE NUMBER ONE CONCERN AMONG OUR AIRMEN IN UNACCOMPANIED PERSONNEL HOUSING. CURRENTLY 80 PERCENT OF THE AIR FORCE DORMITORY INVENTORY IS CONFIGURED FOR TWO PEOPLE TO EACH ROOM AND FOUR TO EACH BATHROOM FOR THE FIRST FOUR ENLISTED GRADES. TWENTY PERCENT OF OUR DORMS ARE WORSE, WITH MANY OF THESE STILL HAVING CENTRAL GANG LATRINES.

THE AIR FORCE IS COMMITTED TO PROVIDE AT LEAST A PRIVATE SLEEPING ROOM TO EVERY PERMANENT PARTY AIRMAN WE HOUSE. THE AIR FORCE LED IN DEVELOPMENT OF THE NEW DEPARTMENT OF DEFENSE DORMITORY STANDARD OF PRIVATE SLEEPING ROOMS (WITH A BATHROOM SHARED BY TWO RESIDENTS), POPULARLY KNOWN AS THE "1+1." WE DEVELOPED A THREE-PART PROGRAM TO HELP US MEET THE NEW STANDARD. OUR IMMEDIATE INVESTMENT WILL BE THOSE PERMANENT PARTY DORMITORIES STILL IN THE GANG LATRINE CONFIGURATION. THE AIR FORCE GOAL IS TO ELIMINATE THESE DORMITORIES BY 2000. NEXT, WE NEED TO BUILD TO THE DEFICIT WHERE IT EXISTS. WE WILL THEN RENOVATE OR REPLACE THE EXISTING "2+2"

DORMITORIES AS THEY REACH THE END OF THEIR EXPECTED LIFE. THIS IS AN AMBITIOUS PROGRAM BUT ONE TO WHICH THE AIR FORCE LEADERSHIP IS COMMITTED. I'D LIKE TO THANK YOU FOR THE \$46 MILLION IN MILCON AND THE \$100 MILLION IN O&M YOU GAVE US IN THE FY 1996 PROGRAM FOR OUR DORMITORIES. OF THE \$100 MILLION IN O&M DORMITORY FUNDS, WE ALREADY HAVE ABOUT ONE HALF UNDER CONTRACT AND WILL AWARD THE REMAINING HALF BY THE END OF THE MONTH.

OUR FY 1997 QUALITY OF LIFE MILCON REQUEST INCLUDES 15 PERMANENT PARTY DORMITORY PROJECTS VALUED AT \$111 MILLION. WE HAVE ONE \$2 MILLION CHILD DEVELOPMENT CENTER, PROVIDING 118 SPACES, TO ADD TO THE \$130 MILLION WE'VE INVESTED IN 50 CHILD CARE CENTER PROJECTS SINCE 1990. OUR FY 1997 BUDGET ALSO INCLUDES TWO VISITING QUARTERS AND ONE STUDENT PILOT QUARTERS FOR \$11 MILLION, TWO DINING HALL PROJECTS FOR \$8 MILLION, AND A \$2 MILLION ADDITION/ALTERATION TO A PHYSICAL FITNESS CENTER. I WILL DISCUSS FAMILY HOUSING QUALITY OF LIFE REQUIREMENTS LATER IN THIS STATEMENT.

**OVERSEAS MILCON**

THE AIR FORCE OVERSEAS BASING AND FORCE STRUCTURE IS MORE STABLE AFTER YEARS OF BASE CLOSURES AND MAJOR FORCE REDUCTIONS. IN EUROPE, WE NOW HAVE SIX MAIN OPERATING BASES; TWO IN GERMANY, ONE IN ITALY, TWO IN ENGLAND AND ONE IN TURKEY. IN THE PACIFIC, WE HAVE TWO BASES IN KOREA AND THREE IN JAPAN. DURING THE RECENT PERIOD OF CLOSURES AND FORCE STRUCTURE REDUCTIONS, WE DELIBERATELY REFRAINED FROM INVESTING IN OUR OVERSEAS INSTALLATIONS. NOW THAT THINGS ARE MORE STABLE, WE MUST PRUDENTLY REINVEST IN OUR OVERSEAS INSTALLATIONS. WE ARE ACTIVELY PURSUING NATO FUNDING, HOST NATION FUNDING AND PAYMENT-IN-KIND; HOWEVER, THE NEED IS BIGGER THAN AVAILABLE BURDENSARING OPPORTUNITIES CAN SATISFY.

OUR 1997 PROGRAM FOR OUR EUROPEAN AND PACIFIC INSTALLATIONS IS \$60 MILLION. THE PROGRAM CONSISTS OF A DORMITORY AT OSAN AIR BASE, KOREA TO HELP SATISFY A DEFICIT; F-15E BEDDOWN SUPPORT AT RAF LAKENHEATH, ENGLAND; FOUR DORMITORY PROJECTS TO REPLACE CENTRAL LATRINE DORMS AT RAF LAKENHEATH AND RAF MILDENHALL, ENGLAND, AND RAMSTEIN AIR BASE, GERMANY; TWO UTILITY PROJECTS AND A CONSOLIDATED SUPPORT CENTER AT AVIANO AIR BASE, ITALY; FIRE STATIONS AT RAF

CROUGHTON, ENGLAND, AND SPANGDAHLEM AIR BASE, GERMANY; AND A PHYSICAL FITNESS CENTER, BASE OPERATIONS, AND TRANSIENT DORMITORY AT INCIRLIK AIR BASE, TURKEY. ON ALL EUROPEAN PROJECTS, WE ARE SENDING A PRECAUTIONARY PREFINANCING STATEMENT TO THE NATO INFRASTRUCTURE COMMITTEES. THESE STATEMENTS WILL PERMIT RECOUPMENT FROM THE NATO INFRASTRUCTURE PROGRAM IF ELIGIBILITY IS SUBSEQUENTLY ESTABLISHED.

#### **ENVIRONMENTAL MILCON**

AS RESPONSIBLE STEWARDS OF THE ENVIRONMENT, WE HAVE THE OBLIGATION TO ENSURE OUR OPERATIONS MEET ALL ENVIRONMENTAL REGULATIONS AND LAWS FROM TOXIC WASTE CLEANUP TO PROTECTION OF NATURAL AND CULTURAL RESOURCES. WE WILL CONTINUE TO FOSTER AN ENVIRONMENTAL ETHIC TO SUSTAIN READINESS, BE A GOOD NEIGHBOR AND LEVERAGE OUR RESOURCES. TO THAT END, WE ARE PARTNERING WITH STATE AND FEDERAL REGULATORS AS WELL AS LOCAL COMMUNITIES. THIS CLOSE RELATIONSHIP HELPS US ESTABLISH SCHEDULES FOR CLEANUP COMMENSURATE WITH FUNDING LEVELS, RESPOND TO COMMUNITY ENVIRONMENTAL CONCERNS, PRESERVE NATURAL AND CULTURAL RESOURCES, AND STILL MAINTAIN A HIGH



LEVEL OF OPERATIONAL READINESS. THIS IS IMPORTANT NOT JUST FOR OUR PRESENT BUT FOR OUR FUTURE.

OUR ENVIRONMENTAL COMPLIANCE MILCON REQUEST FOR FY 1997 TOTALS \$32 MILLION FOR TEN PROJECTS. OUR PROGRAM FOCUSES ON ENVIRONMENTAL PROJECTS FOR WASTEWATER AND STORMWATER COLLECTION AND TREATMENT SYSTEMS, EMISSION CONTROL FACILITIES, UNDERGROUND STORAGE TANKS, AND LANDFILL CLOSURES.

THESE PROJECTS WERE DEVELOPED TO SATISFY TWO CATEGORIES OF REQUIREMENTS. THE FIRST CATEGORY RESPONDS TO LEVEL-I REQUIREMENTS, REFERRING TO FACILITIES CURRENTLY OUT OF COMPLIANCE WITH ENVIRONMENTAL LAWS OR REGULATIONS, INCLUDING THOSE WHICH ARE THE SUBJECT OF A COMPLIANCE AGREEMENT. THE SECOND CATEGORY IS LEVEL-II, PROJECTS NECESSARY TO MEET A FUTURE COMPLIANCE DEADLINE, BUT WHERE FY 1998 FUNDING WOULD BE TOO LATE. AN EXAMPLE OF A LEVEL-II PROJECT IS THE NEED TO UPGRADE UNDERGROUND STORAGE TANKS TO NEW STANDARDS BY 1998.

**UNSPECIFIED MINOR CONSTRUCTION (P-341 FUNDS)**

WE HAVE REQUESTED \$9 MILLION IN FY 1997 FOR UNSPECIFIED MINOR CONSTRUCTION FUNDS (P-341), WHICH PROVIDE THE AIR FORCE WITH ITS PRIMARY MEANS OF RESPONDING TO SMALL, UNFORESEEN MILCON REQUIREMENTS -- A CRITICAL NEED IN THE DYNAMICS OF THE AIR FORCE TODAY. THE RAPID RATE OF CHANGE TAKING PLACE IN THE AIR FORCE IS PUTTING A STRAIN ON THIS ACCOUNT. FROM FY 1990 THROUGH 1995, A TOTAL OF \$11.9 MILLION WAS REPROGRAMMED INTO THE ACCOUNT TO FUND URGENT REQUIREMENTS. THE FY 1996 FUNDS ARE FULLY COMMITTED AND WE MAY NEED TO REPROGRAM FUNDS IN FY 1996 ALSO TO KEEP UP WITH UNFORESEEN REQUIREMENTS.

**PLANNING AND DESIGN**

OUR REQUEST FOR FY 1997 PLANNING AND DESIGN IS \$43 MILLION. THESE FUNDS ARE REQUIRED TO COMPLETE DESIGN OF THE FY 1998 CONSTRUCTION PROGRAM AND TO START DESIGN OF OUR FY 1999 PROJECTS.

**MILITARY FAMILY HOUSING**

AS IN YEARS PAST, THE AIR FORCE LEADERSHIP CONSIDERS MILITARY FAMILY HOUSING TO BE ONE OF ITS MOST IMPORTANT

PROGRAMS. WE ARE CONVINCED THAT NO OTHER FACILITY PROGRAM SO GREATLY INFLUENCES THE PERFORMANCE AND COMMITMENT OF OUR PEOPLE AS MUCH AS HAVING QUALITY HOMES FOR THEIR FAMILIES. MAINTAINING THE QUALITY OF OUR FAMILY HOUSING PROGRAM IS EVEN MORE IMPORTANT IN THIS ERA OF OVERSEAS REDUCTIONS, DOMESTIC BASE CLOSURES, MAJOR FORCE REDUCTIONS, AND INCREASED OPERATING TEMPO DEMANDS. BECAUSE THESE FACTORS ARE SO DISRUPTIVE TO MILITARY FAMILIES IT IS IMPERATIVE THAT WE PROVIDE THEM THE SECURITY AND QUALITY OF LIFE THEY ARE ENTITLED TO FOR THEIR FAMILY LIVING QUARTERS.

DUE IN LARGE PART TO STRONG CONGRESSIONAL SUPPORT, OUR MILITARY FAMILY HOUSING INVESTMENT PROGRAM HAS BEEN SUSTAINED DURING RECENT TIMES OF UNCERTAINTY DUE TO BRAC AND FORCE STRUCTURE CHANGES. NEVERTHELESS, THE AVERAGE AGE OF OUR FAMILY HOUSING INVENTORY IS 33 YEARS, AND OVER 60,000 OF OUR CURRENT 114,000 HOUSING UNITS DO NOT MEASURE UP TO CONTEMPORARY STANDARDS. WHILE WE MUST DEFINITELY CONTINUE OUR MAJOR IMPROVEMENT AND REPLACEMENT PROGRAMS, THE CURRENT FUNDING STREAM WON'T GET THE JOB DONE FOR AT LEAST 24 YEARS.

WE ARE VERY HOPEFUL THAT THE FY 1996 AUTHORIZATION OF THE MILITARY HOUSING PRIVATIZATION INITIATIVE WILL ENABLE US TO ACCELERATE NEEDED IMPROVEMENTS AND REPLACEMENT OF OUR EXISTING FAMILY HOUSING INVENTORY. USE OF THIS AUTHORITY WILL HELP US STRETCH APPROPRIATED FUNDS WITH PRIVATE CAPITAL AND SATISFY MUCH MORE OF OUR HOUSING NEEDS. WE ASK FOR YOUR CONTINUED STRONG SUPPORT FOR OUR CURRENT INVESTMENT LEVEL SO WE HAVE SUFFICIENT CAPITAL TO LEVERAGE INTO AN ACCELERATED FIX OF OUR HOUSING PROBLEM.

OUR FY 1997 BUDGET REQUEST FOR FAMILY HOUSING INCLUDES A LIMITED NUMBER OF NEW HOMES, REPLACEMENT OF OLD HOUSES, IMPROVEMENTS TO OUR EXISTING HOUSING INVENTORY, AND OPERATION AND MAINTENANCE FUNDS TO PROPERLY MANAGE OUR INVENTORY OF HOMES. EIGHTY-SIX PERCENT OF THESE NEW AND REVITALIZED HOMES ARE FOR ENLISTED FAMILIES.

#### **HOUSING IMPROVEMENTS**

THE AIR FORCE "WHOLE HOUSE" IMPROVEMENT PROGRAM HAS BEEN EXTREMELY SUCCESSFUL--IMPROVING OVER 19,000 HOMES SINCE 1988. UNDER THIS CONCEPT, WE UPGRADE OLDER HOMES TO CONTEMPORARY STANDARDS--UPDATING WORN-OUT BATHROOMS AND



KITCHENS, REPLACING OBSOLETE UTILITY AND STRUCTURAL SYSTEMS, PROVIDING ADDITIONAL LIVING SPACE AS PERMITTED BY LAW, AND AT THE SAME TIME, ACCOMPLISHING ALL REQUIRED MAINTENANCE AND REPAIR. THE RESULT IS A VERY COST EFFECTIVE INVESTMENT THAT EXTENDS THE LIFE OF THESE HOUSES 25 YEARS. IN ADDITION, THE "WHOLE NEIGHBORHOOD" PROGRAM PROVIDES RECREATION AREAS, LANDSCAPING, PLAYGROUNDS AND UTILITY SUPPORT SYSTEMS TO GIVE US ATTRACTIVE AND FUNCTIONAL LIVING ENVIRONMENTS.

OUR FY 1997 IMPROVEMENT REQUEST IS \$88 MILLION. THIS AMOUNT REVITALIZES 905 HOMES AT 18 BASES, IMPROVES ONE HOUSING SUPPORT FACILITY AND ACCOMPLISHES TWO NEIGHBORHOOD IMPROVEMENTS.

#### **NEW CONSTRUCTION**

WE ARE REQUESTING \$133 MILLION FOR FY 1997 PROJECTS AT 15 CONUS BASES THAT WILL CONSTRUCT 69 NEW HOUSES, REPLACE 738 EXISTING HOUSES, AND REPLACE FIVE HOUSING SUPPORT FACILITIES. THIS REQUEST ALSO INCLUDES ONE HOUSING FIRE STATION.

WE HAVE ONLY PLANNED NEW FAMILY HOUSING UNITS FOR EGLIN AIRFIELD #9, FLORIDA (1 UNIT), AND WHITEMAN AIR FORCE BASE,

MISSOURI (68 HOUSES). THE 738 REPLACEMENT UNITS WILL TAKE THE PLACE OF EXISTING HOMES THAT ARE NO LONGER ECONOMICAL TO IMPROVE.

AND WE ARE REQUESTING FUNDS TO REPLACE FIVE BADLY DETERIORATED AND UNECONOMICAL-TO-OPERATE FAMILY HOUSING MANAGEMENT OFFICES AND MAINTENANCE FACILITIES. IT IS IMPORTANT TO PROVIDE GOOD QUALITY FACILITIES WHERE AIR FORCE HOUSING SPECIALISTS CAN ASSIST OUR FAMILIES IN THEIR OFF-BASE HOUSING SEARCH AND HOME MAINTENANCE NEEDS.

#### **OPERATIONS, UTILITIES AND MAINTENANCE**

OUR FY 1997 REQUEST FOR FAMILY HOUSING OPERATIONS, UTILITIES AND MAINTENANCE IS \$721 MILLION. THESE FUNDS ARE NECESSARY TO OPERATE AND MAINTAIN THE 111,000 HOMES REMAINING IN THE FY 1997 AIR FORCE INVENTORY, REPRESENTING A REPLACEMENT VALUE EXCEEDING \$12 BILLION. APPROXIMATELY 80% OF THIS REQUESTED FUNDING REPRESENTS THE AIR FORCE'S OBLIGATION AS HOMEOWNERS FOR ITEMS SUCH AS UTILITIES, REFUSE COLLECTION, AND ROUTINE MAINTENANCE. THE REMAINING 20% IS APPLIED TO MAJOR MAINTENANCE CONTRACTS THAT FIX THE DETERIORATING

INFRASTRUCTURE, SUCH AS REPAIRS TO ELECTRICAL DISTRIBUTION SYSTEMS, STREETS AND ROOFS.

### **LEASING**

WE HAVE REQUESTED \$108 MILLION FOR LEASING BOTH DOMESTIC AND OVERSEAS HOUSES.

OUR FY 1997 MILITARY FAMILY HOUSING BUDGET REQUEST REFLECTS OUR COMMITMENT TO PUT "PEOPLE FIRST" AND TO PROVIDE QUALITY HOMES FOR OUR FAMILIES. WE ASK FOR THE SUPPORT OF THE COMMITTEE IN APPROVING THE FULL REQUEST FOR OUR MILITARY FAMILY HOUSING PROGRAM.

### **AIR NATIONAL GUARD MILITARY CONSTRUCTION**

THE AIR NATIONAL GUARD IS A FULLY INTEGRATED ELEMENT OF THE TOTAL AIR FORCE, AND HAS BEEN A FULL PARTNER IN THE AIR FORCE MISSION FOR A LONG TIME. THE AIR FORCE IS REEMPHASIZING A POLICY OF USING GUARD AND AIR RESERVE FORCES WHENEVER AND WHEREVER IT MAKES GOOD SENSE. AIR NATIONAL GUARD PERSONNEL OPERATE SIDE-BY-SIDE WITH THEIR ACTIVE DUTY COUNTERPARTS IN ALL

THEATERS OF OPERATION AS PART OF A TRUE "TOTAL FORCE" TEAM. THE AIR GUARD REMAINS A COST EFFECTIVE, COMMUNITY-BASED DEFENSE FORCE TRAINED AND EQUIPPED TO RAPIDLY AND SKILLFULLY RESPOND TO THE NEEDS OF OUR COUNTRY, OUR STATES AND OUR LOCAL COMMUNITIES. THE VOLUNTEER SPIRIT OF OUR AIR GUARD WOMEN AND MEN REFLECTS THE FINEST TRADITION, HISTORY AND CULTURE OF THE MILITIA.

#### **PROGRAM OVERVIEW**

INCLUDED IN THE DEPARTMENT OF THE AIR FORCE MILCON BUDGET REQUEST, THE AIR NATIONAL GUARD PROGRAM FOR FY 1997 TOTALS \$75.4 MILLION, INCLUDING \$63.6 MILLION FOR MILITARY CONSTRUCTION, \$4.1 MILLION FOR UNSPECIFIED MINOR CONSTRUCTION AND \$7.7 MILLION FOR PLANNING AND DESIGN. THIS WILL SUPPORT THE READINESS OF AIR GUARD UNITS AND CONTINUE THE MODIFICATION OF FACILITIES TO SUPPORT OUR NEW AIRCRAFT INVENTORY. IT WILL ALSO ENSURE COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS. THE FISCAL YEAR 1997 REQUEST IS APPROXIMATELY 88 PERCENT OF OUR REQUEST FOR FY 1996 AND 44 PERCENT OF THE FY 1996 AUTHORIZATION. IT ADDRESSES ONLY OUR MOST URGENT NEEDS, AS IDENTIFIED AND PRIORITIZED BY OUR COMMANDERS' FACILITY ASSESSMENT.



**NEW MISSION**

AS THE AIR FORCE DOWNSIZES AND RETIRES OLD WEAPONS SYSTEMS, WE ARE TRANSFERRING AN INCREASING NUMBER OF DIFFERENT MISSIONS TO THE AIR NATIONAL GUARD. THE FY 97 NEW MISSION MILCON REQUEST SUPPORTS THIS CONTINUING TREND, AND AT \$52.0 MILLION COMPRISES 69 PERCENT OF THE AIR GUARD PROGRAM.

THIS NEW MISSION BUDGET REQUEST INCLUDES PROJECTS FOR THE B-1 BEDDOWN AT ROBINS AIR FORCE BASE, GEORGIA; C-130 CONVERSIONS AT RENO, NEVADA, AND BOISE, IDAHO; A C-130 BEDDOWN AT PEORIA, ILLINOIS; A C-5 SIMULATOR FACILITY AT STEWART INTERNATIONAL AIRPORT, NEW YORK; AND A MUNITIONS COMPLEX AT KIRTLAND AIR FORCE BASE, NEW MEXICO.

**ENVIRONMENTAL COMPLIANCE**

THE AIR GUARD REQUESTS \$10.1 MILLION FOR ENVIRONMENTAL PROJECTS AT EIGHT LOCATIONS. THESE PROJECTS WILL BRING HEATING AND AIR CONDITIONING SYSTEMS INTO COMPLIANCE WITH ENVIRONMENTAL REGULATIONS AND PROVIDE DE-ICING AND SANITARY SEWER LINE IMPROVEMENTS. THEY SUPPORT OUR GOAL TO CLEANUP THE AIR GUARD BASES, KEEP THEM CLEAN AND COMPLY WITH FEDERAL, STATE AND ENVIRONMENTAL LAWS. SINCE 1992, THE NOTICES OF

VIOLATION FOR THE 175 AIR GUARD OPERATING LOCATIONS HAVE DECREASED BY 78%. THIS DRAMATIC DROP IS THE DIRECT RESULT OF STRONG LEADERSHIP, COMMAND EMPHASIS AND COMMITTEE SUPPORT. OUR STAFF CONTINUES TO WORK CLOSELY WITH OTHER FEDERAL, STATE AND LOCAL ENVIRONMENTAL AGENCIES TO RESOLVE THE OPEN ISSUES, WITH OUR GOAL OF ELIMINATING NOTICES OF VIOLATION NOW WITHIN REACH.

#### **CURRENT MISSION**

THE AIR GUARD 1997 REQUEST CONTAINS ONLY 3 PROJECTS FOR \$1.5 MILLION IN THIS IMPORTANT CATEGORY OF FACILITY REQUIREMENTS. WE WERE UNABLE TO DEVOTE A LARGER SHARE OF THE BUDGET REQUEST PRIMARILY DUE TO CONSTRAINED BUDGETS AND THE MANY CRITICAL NEW MISSION REQUIREMENTS WE MUST SUPPORT. THE FY 1997 PROJECTS SUPPORT GUARD QUALITY OF LIFE IN THE WORK PLACE AND FACILITY MODERNIZATION.

#### **UNSPECIFIED MINOR CONSTRUCTION**

WE ARE REQUESTING \$4.1 MILLION FOR THIS VERY IMPORTANT PROGRAM ON WHICH WE DEPEND TO SATISFY URGENT AND UNFORESEEN REQUIREMENTS THAT CANNOT WAIT FOR THE FY 98 BUDGET. THE LARGE

MAJORITY OF THESE PROJECTS ARE IN DIRECT SUPPORT OF THE MANY AIRCRAFT CONVERSION AND MODERNIZATION REQUIREMENTS.

#### **PLANNING AND DESIGN**

OUR 1997 BUDGET REQUEST FOR \$7.7 MILLION WILL ALLOW US TO COMPLETE THE DESIGN FOR THOSE PROJECTS PLANNED FOR INCLUSION IN THE 1998 AND 1999 BUDGET REQUESTS.

#### **AIR FORCE RESERVE MILITARY CONSTRUCTION**

THE AIR FORCE RESERVE HAS EMERGED FROM A TURBULENT PERIOD OF REORGANIZATIONS, FORCE STRUCTURE REDUCTIONS, AND CONSTRAINED BUDGETS WITH AN INCREASED ROLE IN NATIONAL DEFENSE, AND A NET GAIN OF RESERVE INSTALLATIONS. OUR 78,000 RESERVISTS NOW WORK AND TRAIN AT 62 LOCATIONS. THE AIR FORCE RESERVE IS HOST AT 12 MAJOR INSTALLATIONS AND TENANT AT 50 LOCATIONS, MOSTLY ON ACTIVE AIR FORCE BASES.

#### **PROGRAM OVERVIEW**

IN SPITE OF THE GROWING DEMANDS OF NEW AND CHANGING MISSIONS, WE FEEL OUR 1997 RESERVE MILITARY CONSTRUCTION

BUDGET REQUEST OF \$51.7 MILLION REPRESENTS A SOUND FACILITY INVESTMENT STRATEGY. THIS LONG-RANGE STRATEGY PRIORITIZES OUR RESERVE MILCON INTO FOUR CATEGORIES:

- OUR FIRST PRIORITY IS TO COMPLY WITH ENVIRONMENTAL LAWS AND REGULATIONS.
- OUR SECOND PRIORITY IS TO BEDDOWN NEW MISSIONS AND SUPPORT FORCE STRUCTURE REALIGNMENTS.
- OUR THIRD PRIORITY, A SUBDIVISION OF CURRENT MISSION MILCON, IS TO IMPROVE THE QUALITY OF LIFE OF OUR PERSONNEL BY PROVIDING THEM WITH ADEQUATE TRAINING, WORKING, AND LODGING FACILITIES.
- OUR FOURTH AND FINAL PRIORITY, AND THE REMAINING PORTION OF CURRENT MISSION MILCON INVESTMENT, IS TO PROVIDE EFFICIENT AND RELIABLE FACILITIES INFRASTRUCTURE AT OUR BASES.

OUR \$51.7 MILLION FY 1997 MILCON BUDGET REQUEST INCLUDES \$41.4 MILLION FOR MAJOR CONSTRUCTION PROJECTS IN 10 STATES, \$4.3 MILLION FOR UNSPECIFIED MINOR CONSTRUCTION, AND \$5.9 MILLION IN



PLANNING AND DESIGN. OUR FY 1997 REQUEST HAS AN EVEN BREAKOUT OF 5 ENVIRONMENTAL COMPLIANCE PROJECTS, 5 NEW MISSION PROJECTS, AND 5 CURRENT MISSION PROJECTS. THIS REQUEST COMPARES WITH A FY 1996 REQUEST OF \$27.0 MILLION AND IS A 42% INCREASE OVER OUR FY 1996 APPROPRIATION OF \$36.5 MILLION DUE TO AN INCREASE IN NEW MISSION SUPPORT REQUIREMENTS.

#### **ENVIRONMENTAL COMPLIANCE**

THE TOP FACILITY PRIORITY IN OUR FY 1997 PROGRAM IS TO SATISFY OUR LEVEL-1 ENVIRONMENTAL COMPLIANCE REQUIREMENTS. THREE OF OUR ENVIRONMENTAL PROJECTS WILL PROVIDE ENVIRONMENTALLY SAFE FIRE-FIGHTER TRAINING FACILITIES. THE REMAINING TWO ENVIRONMENTAL PROJECTS WILL PROVIDE CLEAN DEICING OPERATIONS AND BRING A STORM DRAINAGE SYSTEM INTO COMPLIANCE.

#### **NEW MISSION**

HAVING ENSURED ENVIRONMENTAL COMPLIANCE, WE THEN CONCENTRATE ON NEW MISSION REQUIREMENTS. IN FY 1997, WE HAVE TWO PROJECTS THAT SUPPORT ADDITIONAL C-130S AT YOUNGSTOWN AIR RESERVE STATION, OHIO. WE ALSO HAVE TWO PROJECTS AT TINKER AIR FORCE BASE, OKLAHOMA THAT WILL SUPPORT THE AIRCRAFT

CONVERSION FROM FIGHTERS TO KC-135 TANKERS AND THE CREATION OF A NEW ASSOCIATE AWACS OPERATION. THE LAST NEW MISSION PROJECT SUPPORTS A CONVERSION TO KC-135S AT SELFRIDGE AIR NATIONAL GUARD BASE, MICHIGAN.

#### **CURRENT MISSION**

FINALLY, WE WILL CONCENTRATE ON OUR CURRENT MISSION REQUIREMENTS. ALTHOUGH WE CURRENTLY LACK SUFFICIENT FY 1997 BUDGET RESOURCES TO IMPROVE THE FACILITIES INFRASTRUCTURE OF OUR BASES, ALL FIVE CURRENT MISSION PROJECTS IMPROVE THE QUALITY OF LIFE OF OUR PERSONNEL BY PROVIDING ADEQUATE WORKING AND TRAINING FACILITIES. IN FY 1997, WE WILL BE BUILDING THREE MEDICAL TRAINING FACILITIES, BUILDING ONE COMPOSITE MAINTENANCE FACILITY, AND UPGRADING ONE EXISTING COMMUNICATIONS FACILITY.

#### **UNSPECIFIED MINOR CONSTRUCTION**

THE AIR FORCE RESERVE REQUEST FOR UNSPECIFIED MINOR CONSTRUCTION IS \$4.3 MILLION IN FISCAL YEAR 1997. AS IN THE CASE OF THE ACTIVE DUTY AIR FORCE AND THE AIR NATIONAL GUARD, THIS AUTHORITY PROVIDES THE RESERVE WITH ITS PRIMARY MEANS OF RESPONDING TO SMALL UNFORESEEN MILCON REQUIREMENTS. THE

RAPID RATE OF AIRCRAFT CONVERSIONS PLACES EXTRAORDINARY DEMANDS ON THIS ACCOUNT. TO RESPOND TO THESE AND OTHER CHANGES, WE NEED THE STRONG SUPPORT OF THIS COMMITTEE FOR THIS REQUEST.

#### **PLANNING AND DESIGN**

OUR PLANNING AND DESIGN REQUEST FOR FY 1997 IS \$5.9 MILLION. THESE FUNDS ARE REQUIRED TO COMPLETE DESIGN FOR THE FY 1998 MILCON PROGRAM, ACHIEVE 65 PERCENT DESIGN COMPLETION FOR OUR FY 1999 PROGRAM, AND FULLY DESIGN ALL LATE-TO-NEED 1997 NEW MISSION MILCON PROJECTS.

#### **BASE CLOSURE ACCOUNTS**

THE AIR FORCE REQUIREMENTS INCLUDED IN THE DEPARTMENT OF DEFENSE FY 1997 BUDGET REQUEST FOR THE BASE CLOSURE ACCOUNTS ARE DESIGNED TO SUPPORT THE PRESIDENT'S FIVE-PART PROGRAM BY CONTINUING TO CLOSE BASES AS QUICKLY AND EFFICIENTLY AS POSSIBLE WHILE MAKING PROPERTIES AVAILABLE TO COMMUNITIES FOR ECONOMIC REINVESTMENT AT THE EARLIEST OPPORTUNITY. AS PART OF THE DEFENSE BUDGET, THE AIR FORCE REQUEST REFLECTS A THOROUGH

REVIEW OF ALL REMAINING REQUIREMENTS AND CAREFUL BUDGETING TO FULFILL VALIDATED REQUIREMENTS TO THE GREATEST EXTENT POSSIBLE WITHIN THE BUDGET CONSTRAINTS OF THE DEFENSE DEPARTMENT. THE AIR FORCE HAS SIGNIFICANTLY IMPROVED EXECUTION OF THE BRAC PROGRAM, EFFECTIVELY ELIMINATING THE UNOBLIGATED BALANCES OF PAST YEARS.

AS A RESULT OF THESE INITIATIVES, WE BUDGETED \$249.5 MILLION FOR THE BRAC 1991 ACCOUNT, \$125.4 MILLION FOR BRAC 1993 AND \$209.7 MILLION TO MEET FY 1997 REQUIREMENTS FOR BRAC 1995. OF THESE THREE FY 97 BUDGET AMOUNTS, \$172.7 MILLION SUPPORT FY 1997 MILITARY CONSTRUCTION AND FAMILY HOUSING CONSTRUCTION REQUIREMENTS AT REALIGNED BASES. THIS AMOUNT COMPLETES THE CONSTRUCTION PROGRAMS FOR BRAC 91 AND BRAC 93, AND FULLY FUNDS FY 1997 CONSTRUCTION REQUIREMENTS FOR BRAC 95.

THE DEPARTMENT OF THE AIR FORCE CONTINUES TO BE COMMITTED TO TIMELY, THOROUGH ENVIRONMENTAL RESTORATION AND SMOOTH TRANSITION OF CLOSING BASES TO CIVILIAN USES AS SOON AS POSSIBLE. IN ADDITION TO TURNING OVER CLOSURE BASES FOR REUSE, WE CONTINUE THE REALIGNMENT BEDDOWN PROCESS AT REMAINING INSTALLATIONS TO ENSURE BASE CLOSURE DOES NOT



DISRUPT OUR OPERATIONAL REQUIREMENTS NOR THE QUALITY OF LIFE ISSUES AFFECTING OUR FORCE STRUCTURE. WE NEED AND APPRECIATE THE ASSISTANCE OF THIS COMMITTEE IN ORDER TO CONTINUE TO FULLY SUPPORT THESE OBJECTIVES.

### CONCLUSION

IN CONCLUSION, MR. CHAIRMAN, I WANT TO THANK THE COMMITTEE FOR ITS STRONG PAST SUPPORT OF THE AIR FORCE MILITARY CONSTRUCTION PROGRAM AND THE BENEFITS THIS HAS PROVIDED TO THE AIR FORCE IN READINESS, RETENTION, RECRUITING, TRAINING AND QUALITY PERFORMANCE OF OUR PERSONNEL.

THE FISCAL YEAR 1997 AIR FORCE MILITARY CONSTRUCTION SUBMISSION IS A REASONABLE THOUGH LEAN INSTALLMENT ON THE COST OF OWNERSHIP OF A SHRINKING BUT DETERIORATING AIR FORCE PLANT. THE AIR FORCE, MORE THAN ANY OTHER SERVICE RELIES ON ITS BASES NOT SIMPLY AS A PLACE FOR PEOPLE TO WORK AND LIVE, BUT THEY ARE OUR PLATFORM FOR PROJECTING U.S. AIR POWER, AND ARE THUS A CRUCIAL FOUNDATION FOR AIR FORCE READINESS. I'M FIRMLY COMMITTED TO MAINTAINING THE QUALITY OF AIR FORCE

INSTALLATIONS TO ENSURE THE U.S. AIR FORCE REMAINS THE WORLD'S  
MOST RESPECTED AIR AND SPACE FORCE.

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE.  
MY COLLEAGUES AND I WILL BE HAPPY TO ADDRESS ANY QUESTIONS  
YOU MAY HAVE AT THIS TIME.

Mr. HEFLEY. OK, good; and we have Mr. Tejeda.

Mr. TEJEDA. Thank you, Mr. Chairman, and thank you for being here.

The Air Force's budget request for fiscal year 1997 is a significant drop from last year's level, both in troop housing and family housing accounts. I have got a couple of questions on that: Is there a simple answer to why this is the case, or was last year's level unusually high? That is No. 1. What do you foresee for the next few years, particularly with regard to focus on housing and barracks?

Mr. DISHNER. I will let General Lupia take No 1; let me take No. 2, because to me, in both housing and with additional legislation, as you know, when this HRSO legislation was approved this year, housing and dorms were included, and then, there was a little tweak in the way that was written that allows us not to do the same thing we are talking about with the family housing. But in the future—next year—continuation of that, the abilities that they have given us under that law and the 1996 Housing Revitalization Support Act is where I see the private sector building more homes for us, where traditionally—as I mentioned earlier—we just were not able to fund everything. Although we say we are for quality of life, but you did not put your money where your mouth was, I look with great expectation that the quality of life initiative—through privatization—will allow us to get there, not only in family housing but also in dormitories.

Do you have a comment on the comparison, General Lupia?

General LUPIA. Mr. Congressman, I am not exactly sure how your question is framed, but I would tell you that this year in our military construction request, we have a total of \$730 million for the active, Guard, and Reserve and that that amount, sir, is significantly higher than the amount we asked for last year. So there is a real increase in the amount of money that we are asking for for military construction.

On the family housing side, our budget, at \$1.1 million, is about the same level for last year. You will find that there is a little difference in that we took some money out of the construction of new housing account and shifted it over to the maintenance account, so you will find real growth on the maintenance side of family housing—about 5 percent real growth—and a small decrease from \$245 million last year for new construction down to \$231 million this year. So our housing request is also at the same level as last year.

Mr. TEJEDA. Thank you very much.

Mr. Chairman, thank you.

Mr. HEFLEY. Thank you.

Mr. Saxton.

Mr. SAXTON. Thank you, Mr. Chairman.

As you folks all know, I represent a district where the Air Force is located, and the reserve wing there, I think, does a great job, the 514th. And I noted in your budget submission that out of the \$1.8 billion MILCON request, only slightly less than \$52 million was designated for reserve purposes, leaving \$1.748 billion for the active side. Now, I understand that family housing is important, and you do not need that for a Reserve wing. I understand that hangars and other facilities are dual-use and all that kind of thing. But I

also know that in the 12 years that I have been here in Congress, as far as I can determine, one administration building at the 514th was expanded slightly and that their squadron ops building is—in fact, I think they have three squadron ops buildings, because they do not have room for their whole group to get together at the same time, and there are a number of other items which are sorely in need of replacement at the 514th. And I suspect that it is not peculiar to McGuire. Looking at these numbers, I suspect that it is a servicewide issue. I just wondered if you could comment on that.

Mr. DISHNER. General Bradley, would you address the MILCON and over the years at McGuire?

General BRADLEY. Yes, sir; I understand your question, and I visited McGuire Air Force Base very recently, in early February, with a number of the leadership of the Air Force, a group we call the Air Force board which helps review budget priorities for the Air Force. And there are, as you know, a lot of competing demands. There is a substantial amount of construction going on at McGuire with moving in new missions, of course, to BRAC. And I know you are very aware of all of that. We toured through the squadron operations facility, probably one of the facilities you are referring to, and it is extremely overcrowded and in need of expansion and a lot of work. I think that impressed very much the Air Force board members who went through the building, and I think you will see that reflected in future budget requests, as we are in the POM process right now, as you know, and I think you will see facilities that are overcrowded like that that will show up in future budget requests. I believe that all of us would agree that many of our Reserve facilities have not in some cases at some bases kept pace. And as we have been given more and more mission areas, we see a need to put more money into our Reserve facilities to keep them up to date with the active standards.

I will say that the Air Force treats us very well. I sit at the same table with General Weaver and General Lupia and Mr. Dishner as we make these very tough decisions on limited budgets, and our input is very well taken by all of the members of the air staff and this Air Force board, and we are treated very fairly. But there are a lot of things that need to be done around the Air Force, and we will certainly keep those things in mind for our Reserve facilities. And I agree with you; we need to do some work at McGuire.

Mr. SAXTON. Thank you.

Mr. Secretary, there has been a housing modernization project that has been ongoing over a number of years at McGuire, and I note in the budget submission there is not funding for fiscal year 1997. Can you shed any light on that for me?

Mr. DISHNER. At McGuire Air Force Base?

Mr. SAXTON. Yes.

Mr. DISHNER. Sir, are you talking about the actual improvement of the homes on McGuire today, the base homes?

Mr. SAXTON. Yes.

Mr. DISHNER. Sir, I think we have a line item to improve 80 units at McGuire this year in a continuation of—as you know, this is another phase. We have a great deal of work to do at McGuire, and we do have 80 units in this year's budget for \$8 million.



Mr. SAXTON. Very good; I must have overlooked them. Well, thank you.

May I just ask one more question, Mr. Chairman?

Mr. HEFLEY. Sure; go ahead.

Mr. SAXTON. General Lupia, you and I had a conversation not long ago about land that the Air Force would like to acquire to build houses next door at Fort Dix.

General LUPIA. Yes, sir.

Mr. SAXTON. Has any progress been made?

General LUPIA. I am happy to report that since the meeting in your office, we have made some progress. I am working for Mr. Dishner in this case, because the housing that we are building is for BRAC, to accommodate some of our KC-10 crews and such. We had a letter back from FORSCOM on March 13 that basically says that they are offering the Air Force the opportunity to take over the family housing on Fort Dix—lock, stock, and barrel, and they only have a requirement for some 100 houses. And so we received that just within the last couple of days. We need a little bit of time to kind of make our way through that, but it looks like it will provide some new opportunities for us.

Mr. SAXTON. And they did not exclude the one parcel that you are most interested in?

General LUPIA. No, sir, they did not.

Mr. SAXTON. That is very good news. And incidentally, I now have the budget submission for the 80 renovated houses.

Thank you very much.

General LUPIA. Yes, sir.

Mr. SAXTON. Thank you.

Mr. HEFLEY. Mr. Peterson?

Mr. PETERSON. Thank you, Mr. Chairman.

We have talked before, so I will not go through the whole load. And I have to say right up front that I am very proud of the Air Force. Over the years, since I first began my career, the Air Force did a lot better job of manipulating their funds in such a way as to make sure that the quality of life is taken care of. And I recall we were the envy of all of the other services in the process of that, because we were clearly the clean sheet fighters in all of this, and that was a big factor. Things are changing now. With the All Volunteer Force, all of the services have to compete virtually at the same level, and it is not just in your housing and your dormitories. We have gone to a new level, and it is those to those support facilities—that is, fitness centers, the child care centers, and so on.

And in here, what I see is one project, that is it. And I think, Mr. Dishner, as you testified before us once before, you have made the statement that of all of the things that the troops are asking for, they are asking for fitness centers. And I guess my question is how does this fit with the address of that aspect of the quality of life factor?

Mr. DISHNER. It does not diminish it, although the number is uno, and that is quite low, that is better than zero. But let me share with you—and I do not mean to continue to say that this is the silver bullet to facilities, but one of the initiatives that we are doing in addition to the utilities that we talked about before as infrastructure is that there are certain things—and child care centers

are one of them—that are done quite well in the private sector. They provide the funding, and they build the facilities. If we can have that legislation that allows us to do that—because what you see is the one-and-one project there, because when all of the priorities were racked up, that is where it came out—we need to have those. And the only other way I know to do it, based on the economics of it, is is there a way that the private sector could provide those types of facilities?

In some locations, we cannot have the private sector, and I just want to qualify that. And I am a great proponent for it, et cetera. Cheyenne Mountain, as an example, is probably not the place for the private sector, for obvious reasons, nor is Falcon Air Force Station. So you can name a bunch that we do not think we need that many private sector—within the boundaries of the base is what I am referring to. But other places can be the city bases—that is how I call them—where we can use the private sector and incentivize them to come on and build facilities for us. And I think that is the way in the years to come and before we are done, meaning that side and this side, that we will see those come into the fore. So it is just one project. That is the way it racked up. But there is no lack of any stewardship on the part of the Chief of Staff or Secretary Widnall that QOL is No. 1 for us. I am just giving another side of the paradigm that we are trying to get over here to provide facilities other than going, as we normally do, to the Congress to get them.

Mr. PETERSON. And I applaud that. I think that that is an excellent response.

Did I read in some of your comments that you needed additional legislation so that we could address some of the misunderstandings or lack of interpretation or even the lack of flexibility that you currently have? Can we improve on that in this session?

Mr. DISHNER. I think we could provide—and we would check that through the people in our building to make sure that that is the language that we would have—but I call it an omnibus or a generic type of language, some of which was offered by the Army, by the way, for their utilities portion, but I see that as facilities. And if something was written that said facilities, based upon an economic review that it makes better sense to give the private sector that opportunity to build those, could we then go do that? Now, as you know, we have on our bases Hardee's hamburgers. Well, we did that with a 1-year lease, year-to-year. So they came on; they built the building; and so, we have been down this path on one or two buildings, but we have not opened it up broader.

So yes, sir, you could be very, very helpful to us. And we need to get back to you and work that to make sure we do not get too in front of our headlights and have a lot of projects going. We need to get a couple of winners going. We need to do that in family housing. We need to get a couple that are done. We have scrubbed them very well. General Lupia has a new group just set up to look at privatization. And one of the key things is to make sure that the ones we start out with are going to be winners, that they are going to be the ones that we are going to bring back and one that we are working up with, again, McGuire if we do not do the Fort Dix housing is to say let us get one and scrub it with a wire brush to make



sure that we are going to be successful so that the Congress and everybody else will say that is another source or a way we can get facilities for our people.

Mr. PETERSON. Well, we want to get you a clean sheet.

Mr. DISHNER. All right, sir.

Mr. PETERSON. So in that regard, if you do have some obstacles, given the legislation that we have currently constructed for you, I think the committee would support a recommendation which you might have, and I would encourage you to do so.

Mr. DISHNER. Thank you, sir.

Mr. PETERSON. Thank you.

General LUPIA. Congressman Peterson, may I add just to allay some of your concern on the commitment to community support facilities, one of the reasons that we only had \$12 million to invest in those four facilities is that we made such a big commitment to dormitories. And in our program, there is a full \$111 million committed to dormitories and another \$10 million to visiting quarters. So because we made such a big commitment to fulfill our goal of getting every airman in the Air Force out of a central latrine dorm building by the year 2000, and we had to put big money in against dormitories, and that kept us from doing as many child care centers and gymnasiums as we would like to do.

Mr. PETERSON. And I understand, and I go back to what I said to the Navy panel—you were here—is that we need the long-term plan. The spikes are not sustainable for the committee and in our ability to stay with you on it and also for later on, even, for contractual arrangements. You going to end up with the inability to contract this stuff if it is spiked. If you have something that has a relatively reducible slope, then everybody can live with that. So I understand where you are coming from, and I appreciate your time.

Mr. HEFLEY. Mr. Hansen?

Mr. HANSEN. Thank you, Mr. Chairman.

Mr. Chairman, as you know and as the members of the committee know and our guests know, we all worked on a base closing bill some time ago with Dick Armey, and a lot of blood, sweat, and tears went into that. And the bill passed, and President Bush was the first one who had a couple of rounds, and he lived up to the law, which I think any law student would know is abundantly clear on what the President can do and what Congress can do. And that language is abundantly clear: The President has 15 days. And all it gives him in that language in public law is to do what? Up or down, accept or reject, period. I would like to find a lawyer in the Pentagon or a lawyer anywhere who denies that.

I will carry it now a step further. It says Congress then has 45 legislative days. What do we get the right to do? Up or down, period; both Houses, up or down. That is all you get to do. Now, I think President Bush wisely and honestly and honorably stood up to that and did what he was supposed to do. And then comes along another President, and he gets involved in this thing, and he gets an up or down, and he says, well, up but, and he puts a caveat on it, and the caveat is, well, of these five air logistics centers I have—all of them big boys, all of them taking the risk, all of them walking in realizing this is going to be tough, somebody is going to get

a little pain out of this thing, and we have got to reduce the size of this thing. They operated at around 48 percent capacity. They all say, look, we can take care of this; some are going to hurt, some are not. Well, out of this, this President comes up, and he puts something on this caveat. He says however, we are going to privatize two of these, so the capacity, say, is kind of mediocre in the other three that are remaining. And I have not gotten that quite figured out yet, especially if I go back in 16 years around this place listening to people in blue like these gentlemen coming in and telling me how important it is that we have got to cut down the capacity, and then, when they have an opportunity to, no one seems to do it.

Now, you may have been there in the full committee when I asked the Secretary of Defense, Secretary Perry, would he please tell me and give me the legal opinion, which he stated he had; it will be over immediately. I am still waiting for it. In fact, my capable aide calls over there every day waiting for this legal opinion. Another very important person by the name of Sheila Widnall came over, and we are still waiting for the opinion there of where they get the right to do it. And no disrespect for these fine gentlemen here, whom I have the greatest respect and admiration for, but they are in front of this committee at this particular time asking a question. They are asking if they can have \$9 million to improve a base that is closing in California to make it more attractive to private investment. And in effect, what they are asking for is a public works project to help the whole valley, as they testified last time that I had that opportunity to talk to them, \$9 million.

And I would just kind of like to ask these by way of comparison, because the State I know the best is my own State. But in the way of comparison, could this committee here tell me how much the Air Force has planned to put in Hill Air Force Base, a base that is staying open?

General LUPIA. I believe we have one project, sir, at about \$3.7 million in this year's budget.

Mr. HANSEN. Compared to a base that is closing of \$9 million.

Well, another thing in the statement that I thought was interesting is that the Air Force supports the President's program to close bases as quickly as possible and to make the properties available to the communities for reinvestment at the earliest opportunity. Now, I think this is also interesting, because in this one, they say they want to try it in 6 years rather than 2 years, as they testify in other areas. And please do not take it disrespectfully; I have great respect for the work you do, and I sustain you. And I do not think you will find many greater supporters who have been your supporters in a lot of this. But I think this is a flagrant violation of the law, Mr. Chairman, I honestly do, and I just want to put the committee on notice and the Air Force on notice that I am going to move heaven and Earth to take that \$9 million out in this committee, in the full committee, on the floor or in the Senate. And I have already had a long conversation with many of my Senator friends who feel exactly the same way I do.

Thank you for your time.

Mr. HEFLEY. I wish you would express your feelings more clearly, Mr. Hansen.



Mr. HANSEN. If you give me another 10 minutes, I will try.  
[Laughter.]

Mr. HEFLEY. No, no, I do not wish it that much.

[Laughter.]

Mr. HEFLEY. We have gotten the buzzers for a vote. Let me ask a couple of quick questions here. Please excuse me for one parochial question, General Lupia, if you would. You are familiar with the access problems out at Falcon Air Force Base.

General LUPIA. Yes, sir, I am.

Mr. HEFLEY. And Highway 94 and the Air Force plan to resolve the problem by designating an alternative defense access road. Do you have any view of that project?

General LUPIA. Sir, about 3 weeks ago, while I was out at Falcon and Peterson, I drove that road, and the commander asked me for my support to get a project into the system to see if we could get some defense access road money. I brought the report back with me; it remained in the Pentagon for not more than 24 hours, and we had it over to the Military Traffic Management Command. They are actually out there this week doing a study for us to determine what the alternatives are, what the costs would be, et cetera. And so we, the Air Force, support the project and hope that we will get a good response from the Military Traffic Management Command. We have had a number of accidents on that road, as you know. It is a very dangerous set of circumstances.

Mr. HEFLEY. It is dangerous.

General LUPIA. And we do not want to jeopardize another Air Force person or family or worker.

Mr. HEFLEY. Well, you may be able to come up with some better answers to it than they have, but the county and the base commander and everybody, I think, is in agreement that this is one solution that might work.

General LUPIA. Yes, sir.

Mr. HEFLEY. When do you anticipate having some kind of a recommendation from them?

General LUPIA. Sir, I would have to provide the answer to you. I do not know how long the study would take. I honestly do not know.

Mr. HEFLEY. That is all right. I do not want to catch you cold on it. If you could, get back to us with an answer on that.

General LUPIA. Yes, sir.

[The following information was submitted for this record.]

#### FALCON AFB ACCESS ROAD

Congressman Hefley. When do you anticipate having some kind of a recommendation from them?

General LUPIA. MTMC provided a letter of certification 23 April 1996 that the access road project is "important to national defense."

Mr. HEFLEY. One of the largest components of the Air Force Military Construction Program for fiscal year 1997 is the beddown of the C-17 at McChord Air Force Base in Washington, and it is a program that will cost up to \$120 million at that installation alone. Could you describe the internal assessment process for facilities improvements required to support weapons modernization like that

and what lessons have been learned about the beddown of the C-17 from previous experience at other installations?

General LUPIA. Yes, sir; we go through a very lengthy site survey process. Once McChord was established as our west coast base for the C-17, we went through a very lengthy site survey process. A team made up of not only engineers but primarily operators, maintainers, et cetera, look at the existing facilities to see where we can use them and lay out the fund stream. I am happy to tell you that what we are able to do at McChord in our budget—and we will have funded those facilities through fiscal year 1999, about half here in 1997 and then some more in 1998 and 1999. It will put us in a position where we have facilities available for the airplane when the airplane arrives. I had the privilege of doing the beddown on the C-17 at Charleston Air Force Base in my last job, and we did almost everything at Charleston with a work-around, and it was very difficult. We did the same thing at McGuire Air Force Base and at Travis Air Force Base in putting the KC-10's into both of those installations. The facilities lagged by a great deal. So when you ask about lessons learned, one of the lessons we have really clearly learned is we had to get out ahead in the planning process, identify the requirements, do the planning so we could do the design and construction before an airframe arrived. And I think McCoy is a success story in that regard.

Mr. HEFLEY. Thank you, General.

Mr. Browder, that is our second bell. Do you have any other questions?

Mr. SAXTON. May I ask one other question?

Mr. HEFLEY. Sure.

Mr. SAXTON. Mr. Secretary, you mentioned that you may need some kind of authorization to permit you to have more flexibility with regard to utilities and community use or partnering with communities; is that correct?

Mr. DISHNER. Yes, sir; the Army, as an example, has a generic language that I am reviewing right now that they have submitted, and I think it went over to OMB to be scrubbed, et cetera, which just describes the utility portion. So yes, that is what I am referring to. And then, another part of that would be broadening the facilities portion so that the service may elect upon economic analysis, et cetera, to reach for that. If we do not think it is there, then we do not have to do it. But now, to do one of these, we have to have line-item language. If you look at the Army's 1995, I think they achieved five, three water plants or something, but they had to have specific language for them. So that just got me thinking, well, gee, if I had a generic.

And as long as I can prove and do an economic analysis of facilities or utilities as to who should own them and run them, if it made sense for us at certain locations, I would like the opportunity to do that. We just need to make sure that this idea of mine gets through the proper offices to make sure that everyone concurs with me—I have heard no one say no to me—but to make sure that everybody signs up to the opportunity, because it will be General Lupia here where this would fall into his lap to say there is another way to do the job. And that is why this private sector division that he has set up would probably be the embryo where this thing

could just reach out and—in my humble opinion, at least—be an unbelievable source of facilities from another source fundingwise.

Mr. SAXTON. Now, do you expect that you will have a recommendation for us any time soon?

Mr. DISHNER. I will get moving on it, and I have, as I say, got the generic one the Army uses. I have the attorneys looking at it. But I will just promise you that I will continue to work within the building to make sure that I do not get in front of someone's headlights and get too far ahead here.

Mr. PETERSON. If the gentleman will yield, we want to make sure that this becomes DOD-wide. We do not want this single-service.

Mr. DISHNER. Yes, sir; absolutely.

Mr. PETERSON. So when that is written, make sure that it comes——

Mr. DISHNER. Yes, sir; and by the way, when the Army sent it to me, I was very pleased. It said any service, et cetera, back on their utilities that they are working. So, yes, sir; thank you.

Mr. SAXTON. I know that there are many benefits that can result from this kind of a policy and those decisions that will be made on an individual basis, and I would be anxious to be an advocate for you——

Mr. DISHNER. Thank you, sir.

Mr. SAXTON [continuing]. When you are ready.

Mr. DISHNER. Thank you, sir.

Mr. HEFLEY. Panelists, thank you very much, and the subcommittee stands adjourned.

[Whereupon, at 3:56 p.m., the subcommittee adjourned.]



## **MILITARY CONSTRUCTION BUDGET REQUEST FOR FISCAL YEAR 1997—TESTIMONY BY MEMBERS OF CONGRESS AND PUBLIC WITNESSES**

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON NATIONAL SECURITY,  
MILITARY INSTALLATIONS AND FACILITIES COMMITTEE,  
*Washington, DC, Tuesday, April 16, 1996.*

The subcommittee met, pursuant to notice, at 3:21 p.m., in room 2212, Rayburn House Office Building, Hon. Joel Hefley (chairman of the subcommittee) presiding.

### **OPENING STATEMENT OF HON. JOEL HEFLEY, A REPRESENTATIVE FROM COLORADO, CHAIRMAN, MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE**

Mr. HEFLEY. The committee will come to order.

The Subcommittee on Military Installations and Facilities meets today to continue its consideration of the FY 1997 budget request for the military construction, family housing, and base closure and realignment programs of the Department of Defense.

This afternoon, we will hear from a number of distinguished Members of the House who have expressed concerns about particular shortfalls in the budget request.

I want to welcome my colleagues to the subcommittee today, and I look forward to hearing their views. Following testimony from the Members, the subcommittee will then hear from a panel of public witnesses representing five very important organizations.

These organizations—the Air Force Sergeants Association, the Fleet Reserve Association, the National Military Family Association, the Non-Commissioned Officers Association, and the Reserve Officers Association—serve as ombudsmen for military personnel and their families in the active and reserve components. They bring a particularly useful perspective to the subcommittee's consideration of military construction and family housing requirements in the coming year. Much of their recent work has focused on the significant improvements we must continue to make to the quality of life for service personnel.

I know the subcommittee looks forward to their views on this crucial subject as well as their views on other aspects of the military construction program.

Mr. Montgomery, do you have any comments you would like to make before we go to the witnesses?

Mr. MONTGOMERY. No comment, thank you.

Mr. HEFLEY. Thank you, Mr. Montgomery.

The first Member whom we will call on is Steve Buyer from Indiana; and Steve, if you would introduce your people, we are de-



lighted to have them at the table with you and to play whatever role you would like for them to.

**STATEMENT OF HON. STEPHEN E. BUYER, A REPRESENTATIVE  
FROM INDIANA**

Mr. BUYER. Thank you, Mr. Chairman.

I appreciate this opportunity to testify today about a project in Indiana. Actually, I am very excited to be before the panel because in this time of budget constraints, we have to think anew; it forces us to think. And part of the theme of this Congress is not only the recognition to the country about our budget constraints, but also empowerment. As we want to shift power back to the States, we are asking for the local communities to come up with their ideas and to do more and to be innovative and creative with regard to their projects.

Before we testify today, Mr. Chairman, let me extend a compliment to you. I compliment you on your efforts to try to challenge and change the culture of the budgetary process in the Pentagon. You sent that message over to them last year in your efforts not to authorize the funding of armories in the country, and they were not very good listeners, and I recognize that. When the budget came over, it was inadequate with regard to the funding of armories throughout the country—and how well Mr. Montgomery knows how inadequate it is to fund the projects; less than \$2 million will not even do some of the maintenance on one, let alone for the needs of the country.

So it appears that the gamesmanship of the culture will continue; but we here in this Congress recognize that we will do our part with regard to funding military readiness, and that is what this is.

We have one of the enhanced brigades coming to Indiana, and we have an armory that needs upgrade. What I would like to do now is turn it over, Mr. Chairman, to Mayor Ron Mowry. I will give each of them an opportunity to say a few words, for about a minute and a half, about the project. This is a multiactivity project, multiuse. We have a complete partnership between private, the local community, the State and the Federal Government.

The total project is about \$14.4 million—\$1.69 million from the State of Indiana, \$7.9 million from the local community and private, and \$4.8 would be the Federal request. So it is a pretty exciting and innovative approach to funding National Guard armory.

Let me introduce Mayor Ron Mowry, who is a former, two-term sheriff of Grant County, IN.

Mayor Mowry.

[The prepared statement of Mr. Buyer follows:]

**House National Security Committee  
Military Installations & Facilities  
Subcommittee**

**Testimony by**

**Congressman Steve Buyer**

**Marion National Guard Armory and  
Multi-Activity Facility**

**April 16, 1996**

The FY 96 Defense Department Budget contained no military construction (MILCON) funds for any National Guard facilities in the state of Indiana. With the recent defense drawdown significantly reducing the size of the active forces, there has been an increased reliance on the National Guard to conduct missions vital to our national security. In 1995, Indiana was selected as the home of an enhanced infantry brigade that constitutes one of the major "force enhancers" contained in the Bottom-Up Review. This increased reliance on the Guard has strained many of the aging facilities in my state.

Therefore, I request that the Military Installations and Facilities Subcommittee favorably consider a unique opportunity to construct a new National Guard Armory and Organizational Maintenance Shop (OMS) in Marion, Indiana, in conjunction with a new Marion Community Center. The current armory was built in 1938 with labor from the Works Program Administration and has not received a major maintenance up-grade since 1959. The armory has inadequate lighting and electrical wiring, no female restrooms, and the hardwood floor is buckling due to excessive humidity.

The State of Indiana and the City of Marion have proposed the new armory be co-located with a large community center to form an Armory Complex. This community center will provide the Indiana Guard access to a number of additional facilities including a gym, a pool, and locker rooms. At the same time, the community would have access to the Guard's drill hall and classrooms during non-drill periods for local events and meetings.

There are many advantages to this arrangement. If this proposal is accepted, the City of Marion has offered to provide land inside the city limits to construct the armory. Normally, new armories must be constructed away from the city center due to local development and increased land prices. The combined armory and community center will allow the youth of Marion ready access and familiarity with Guard facilities and Guard

personnel. This allows for an early and favorable impression of the Guard and will aid future recruiting efforts. In addition, the combined Armory Complex will provide increased capabilities for both the town and the Guard during local and state emergencies.

The cost of the new armory to the Federal government is \$3.635 million, while the cost of the OMS is \$1.127 million. In 1995, the State of Indiana appropriated \$1.69 million in the FY 96 budget for the new construction cost of the armory. The funding for the community center facilities will come from the local government and private sources.

The Marion Armory Complex represents a new way to provide increased capabilities to our National Guard. The Federal, state and local partnership is an innovative way to fund this unique facility. I trust you will give this proposal your favorable consideration.



Mr. HEFLEY. Mr. Mayor, we are delighted to have you.

**STATEMENT OF HON. RON MOWRY, MAYOR, CITY OF MARION,  
IN**

Mr. MOWRY. Thank you, Mr. Chairman.

The concept before you today is something that we received as a challenge while attending the Counter-Drug Institute in San Luis Obispo, CA in 1993. We were challenged by members of the Pentagon as well as the Guard Bureau to come back to our respective communities and create partnerships where we could address community problems through those partnerships.

This concept will enable us as a community to appreciate the efforts and commitment of our local youth organizations and or community activities from a local, State, and Federal level.

This concept will put the Guard closer to its community, afford young people who might not otherwise have the opportunity to be exposed to the military the opportunity to look at that Guard Bureau as role models, while addressing many community needs.

We will answer any questions you might have. We have prepared a packet for you, and we assure you that we appreciate the position you are in; and as a local mayor, I would just solicit your consideration in this matter.

Thank you.

[The prepared statement of Mr. Mowry follows:]

**Proposal for a  
Multi-activity Center/  
National Guard Armory  
in  
Marion, Indiana**

**Proposal to  
MILITARY INSTALLATION  
AND FACILITIES SUBCOMMITTEE**

**submitted by  
Mayor Ron Mowery**

**APRIL 1996**

### Background

The City of Marion and three community non-profit organizations have been working for the past three plus years on a plan to construct a multi-activity center to house their organizations and provide recreational, sports and civic opportunities for our youth. The organizations involved are the YMCA, Boys Club-Girls Club and the PAL (Police Athletic League) Club. The dream is to consolidate overhead by the use of shared facilities, yet giving the organizations an opportunity to grow and develop additional opportunities for youth.

In the spring of 1993, Police Chief Dave Homer, Sheriff John Lawson, Norma Stone - "People Against Illegal Narcotic" (P.A.I.N.) Coordinator, and myself attended the Counter Drug Institute's annual conference in San Luis Obispo, California. At that conference, representatives of the Pentagon challenged each city to go back to their respective communities and form partnerships with their various community organizations and their local National Guard Units. The intention of this challenge was to attack the ever increasing problems of blight, crime and other matters associated with or affected by the national epidemic on drugs, gangs, blight and community problems.

We did just that and have truly enjoyed a new spirit of camaraderie and partnership with our local and state Guard agencies. We have worked aggressively with all community organizations in creating a very proactive Community Oriented Policing Program which has resulted in the closing of 62 plus crack houses in our city. This was due in great part to the inception of

"People Against Illegal Narcotics" (P.A.I.N.) which has been recognized nationally. We were one of two Indiana cities to receive from President Clinton's national initiative a Supplemental Hiring Grant. This was a result of our aggressive approach to drugs, gangs and crime in general. We were also one of 74 cities in the nation to receive a first round grant. We have been called upon to present the Marion story across the state and beyond.

In 1994, we learned that our National Guard Armory was one of the two oldest in the state and the future of that facility was being considered. We viewed this as an opportunity to further the challenge presented to us in 1993 of bringing city, state, federal, public and private entities into a collective approach to national concerns of losing our cities a block at a time. Thus, we started aggressive meetings, trips and plans in this regard. All partners in this concept have played an integral part of this plan.

#### **Current status of the project**

Each partner has been involved in developing a concept design (attached) and projected cost figures. The total cost of the complete project is estimated at \$14 million. Of that amount, \$7.9 million is needed for the community portion, which includes property acquisition.

The state appropriation is \$1.69 million. The remaining \$4.8 million will be funded by the federal government. This is 75 percent of the armory building and 100 percent of the maintenance facility. The State of Indiana has budgeted for 1996 their \$1.69



million portion of this project.

#### **Impact of the project**

Marion, Indiana has the unique opportunity to be the first joint facility of this magnitude in the State of Indiana, as well as the nation. An armory/multi-activity center would bring young people closer to the Guard, the Guard closer to its citizens and provide much needed youth activities for many young people who might not otherwise have this opportunity.

This concept will also put our local Guard in a position to work with troubled youth, in fact, all youth as role models and partners. It is our goal that through these opportunities young kids, who might not otherwise be exposed to our Armed Forces, will have the opportunity to later enlist in the Guard, further their education while at the same time they are serving their community. Any assistance in this regard will be appreciated, aggressively sought and evaluated to meet the commitment we are making to you and our city.

Mr. BUYER. We now turn to Colonel Clifford of the Indiana National Guard, who has some comments with regard to the prioritization of the modernization program in Indiana.

Mr. HEFLEY. Colonel.

**STATEMENT OF COL. ROBERT A. CLIFFORD, DIRECTOR,  
FACILITIES AND ENGINEERING, INDIANA NATIONAL GUARD**

Colonel CLIFFORD. Mr. Chairman, members, the Indiana National Guard is the fifth-largest as far as strength authorized in the country as far as National Guard. Yet we have 68 armories scattered throughout the State, and over 20 of them are pre-World War II. Those are ancient armories that are actually trying to apply high-technology equipment to train our soldiers today.

An armory is more like a readiness training center, perhaps more now than ever before, because of our inability to be able to move around very much.

This initiative came at a time when Indiana was really very concerned about where it was going and where the dollars were going to come from. It is a lot to replace 68 armories over a period of time.

We are working very seriously to come up with a regionalization concept where we can close two or three old armories and regionalize the central armory, multiunit, and also into the community.

When the opportunity came up to work with Marion and Mayor Mowry, it seemed like the perfect time because National Guard armories are being forced out of the communities due to the cost of city land. We need to be in the middle of the communities because it is there that the youth come in contact with the guard, and our future membership is, of course, obtained.

As we have been moved out of these cities, the cost of recruiting has gone sky-high, and our time has been spent very seriously in trying to recruit people. So for the opportunity to have youth back in our armories, to be in the city, to have the city donate the piece of property within the city and have it surrounded by multiactivities simplifies our task in the Guard.

We are in serious straights in Indiana due to the number of armories and the age of those armories, so the timing of this is perfect.

Thank you, sir.

[The prepared statement of Colonel Clifford follows:]

INDIANA NATIONAL GUARD BRIEFING  
TO THE  
NATIONAL SECURITY COMMITTEE  
MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE

BRIEFING PREPARED BY  
THE DIRECTORATE OF FACILITIES AND ENGINEERING  
INDIANA NATIONAL GUARD

INDIANA NATIONAL GUARD BRIEFING  
TO THE NATIONAL SECURITY COMMITTEE  
MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE

MARION ARMORY AND MULTI ACTIVITY COMPLEX

Indiana is the fifth largest state as far as personnel assigned to Guard Units. Sixty-eight armories are placed in population centers and along major routes of travel through the state. The last DOD funded armory was built in 1985. Congress has provided funding for three armories since that time. It would take a three armory per year replacement program for 15 years to keep the states armories at an average age of 45 years. Forty-five years is considered to be the economic life time of an armory. We fully realize in these days of constrained dollars that this is not going to be possible.

Twenty of our armories were built before World War Two and are economically to expensive to adequately maintain. Our older armories are in the highest population centers and along the most important routes of travel. That is because when sites were chosen for their location they went first to the most important areas. Those areas continue to be our critical locations with the highest population densities. Those armories are under wired, plumbed, sized and are asbestos laden. They have little to no insulation and have steel framed single glass windows. Boilers and plumbing as well as roofs must be replaced. These costs are prohibitive because the end result is still a 58 year old facility with many more problems and associated costs for the balance of the facilities life time.

Armories are really local training readiness sites. This is where our soldiers come to train with the methods and equipment to defend this country. The new high tech equipment systems draw heavily on the ancient electrical systems in armories almost 60 years old. As we in the Guard look to the future we must realize that we too must change to meet the needs of the future. In Indiana we are studying the possibility of regionalizing armories in key locations to allow one new armory to replace a number of old armories. Armories are community based and as such must be able to support those communities in their times of need.

Armories depend largely on community support. Today, because of the cost of land in our cities the Guard is driven to the outskirts of the very communities they are supposed to be a central point in. The attachment of the " Home Town Guard" is lost. Being looked at as vital members of the community goes by the wayside. When the Guard is removed from the community



membership in the Guard decreases significantly. The longer away from the community the fewer in the community know about or why the Guard exists. Our costs and time requirements to recruit are significantly higher.

The Armory / Community Center concept as we have developed with the Marion, Indiana community is an idea whose time has come. The federal, state and community share costs, space and responsibility for the betterment of all. We maximize the use of square footage for our citizens in the heart of our community where we can help provide for everyone young and old every day. This is and always has been the the Guards desire. To be a vital part of the community is the best of all worlds for us. With our young people coming into a facility that is shared by "their National Guard" we believe they will want to join and serve their community and state as we do. It will become again a normal thing to do. As the missions and responsibilities of the Guard are understood recruiting in the community should be significantly improved. The military teaches responsibility and leadership. We assist in providing educational programs for higher education and will become a part of community revitalization for generations of our youth yet to come.

The National Guard needs this project and the community needs it as well. The vision we have of the completed project is exciting and the possibility of this project not happening is hard to think about. We strongly urge you to consider the possibilities of this opportunity coming at this time of rapidly dwindling resources. Please support this funding request.

COLONEL ROBERT A. CLIFFORD  
DIRECTOR FACILITIES AND ENGINEERING  
INDIANA NATIONAL GUARD  
16 APRIL 1996

Mr. BUYER. And I believe this is the No. 1——

Colonel CLIFFORD. Yes, sir; it is the No. 1 project that we have.

Mr. BUYER. This is the No. 1 military construction priority project in the State of Indiana. Once the mayor came up with the concept and the idea and got together with the Indiana Guard Bureau, and they put the project together and got the support of the local community, they then turned to their State representative, Eric Turner, and Eric is here with us today.

**STATEMENT OF P. ERIC TURNER, INDIANA STATE  
REPRESENTATIVE**

Mr. TURNER. Thank you, Mr. Chairman and members of the committee.

This project is innovative. It empowers local initiative, and it partners State, Federal, local, and private dollars.

The State of Indiana has already enthusiastically funded its 25 percent portion at \$1.7 million. The money is in the bank and ready to be spent.

I have to admit that when the mayor and the colonel brought this to me, I was somewhat skeptical. I am very much a conservative and, like many of you, I want to protect public funds. But once I saw the partnership of local, both public and private, dollars, State and Federal all coming together for a much bigger project, it got me excited; and then, when I presented this project to the leadership of the House Ways and Means and Senate Finance committees in Indiana, they shared my enthusiasm, and the State of Indiana funded it.

I am also excited about the fact that if we can get this thing going, this is something that I can share with my colleagues, other legislators throughout the country, to challenge them to come up with their own initiatives, their own joint venture project, to help fund armory projects throughout the country.

So I appreciate the opportunity to be here and urge your favorable consideration, and I would be glad to answer any questions.

[The prepared statement of Mr. Turner follows:]

National Security Committee  
Military Installations & Facilities Subcommittee

Testimony By

Indiana State Representative P. Eric Turner

April 16, 1996



STATE OF INDIANA  
HOUSE OF REPRESENTATIVES

THIRD FLOOR STATE HOUSE,  
INDIANAPOLIS, INDIANA 46204

P. ERIC TURNER  
5541 S. HARMON  
MARION, IN 46953

1995-96  
COMMITTEES  
ELECTIONS AND APPORTIONMENT  
WAYS AND MEANS

One of the rewards of being a state legislator is helping people in your community reach a goal they have been working toward. I am pleased that included in the Indiana state budget for the 96-97 biennium is funding for the innovative Marion multi-activity complex/National Guard Armory in Marion, Indiana. This \$1.691 million budget item is included in the Build Indiana Fund of the 1995 state budget.

This project is innovative, it empowers local initiative and it partners state, local, federal and private money.

Marion Mayor Ron Mowery and his staff as well as those from three community non-profit organizations, have been working since 1994 on these plans. The new complex would provide recreational and sports opportunities for our youth and relocate these organizations into new and modern facilities as well as providing a new and much needed armory building for the Indiana National Guard. According to Mayor Mowery, by consolidating overhead through the use of shared facilities, these organizations would have the chance to grow and develop additional opportunities for our young people.

The YMCA, Boys Club-Girls Club and Police Athletic League (PAL) Club are the organizations involved in this venture. We cannot stress enough the importance of providing quality, wholesome activities for our children. I remember as a child spending time being involved with many recreational sports





activities. It certainly helped me develop as a person, not only physically but also in social skills by being a part of a variety of teams, and competitions. Having our youth in programs, such as the ones offered by these outstanding organizations, keeps them active and productive and enriches their lives.

I have to readily admit when I was first approached by Mayor Mowery and Colonel Robert Clifford of the Indiana National Guard about this project, I was very skeptical. My first blush was this was yet another way to extract funds from the state budget.

I even wondered if these gentlemen were trying to take advantage my new appointment to the House Ways & Means Committee. However, it did not take me long to figure out how outstanding and unique this project was for Marion and Indiana, especially considering the partnership of state, local, federal and private dollars. This concept was received enthusiastically by the Indiana General Assembly.

The 1,691,000 amount funded in the 1995 budget for the National Guard Armory in Marion was one of several community projects approved by the Indiana General Assembly. The total Build Indiana Fund appropriation was \$46,403,551.

Although a site has not been selected, it is anticipated that the new recreational activity complex/National Guard Armory will be located within the city limits of Marion, just east of downtown Marion on State Road 18, and serve not only kids from Marion, but all of Grant County. While this project is tremendous for our youth, it will also help the Indiana National Guard maintain close ties to the Marion community. It will create a partnership between all levels of

government and the private sector. When this is built, it will be the first joint facility in Indiana and may be the only one of its kind in the United States.

One of the features that sold the project to leadership of House Ways and Means Committee and Senate Finance Committee was the joint venture involving state, local, federal and private money. I look forward to sharing this concept with my legislative colleagues around the country.

The state has already funded for 25 percent of the Armory project, approximately \$1.7 million. The remaining money, hopefully, will be funded by the federal government at \$4.8 million and by local investment of \$7.9 million. I applaud Mayor Ron Mowery for proposing this unique concept of a joint venture and having the vision to work with community leaders to pull this major project together.

I urge you to give this project your favorable consideration.

Mr. BUYER. Mr. Chairman, we have a 2-year budget cycle in Indiana. The moneys were appropriated and are sitting there and must be obligated by September 30 of this year; is that correct?

Mr. TURNER. That is correct.

Mr. BUYER. So they moved forward last year. I sat there and saluted the chairman. I did not come to you last year because I was behind your efforts to change the culture of the budgetary process. When the Pentagon has thumbed their nose at that initiative, I am here before you because I recognize that we have facilities across the country that need to be upgraded, and we will play our part with regard to modernization and military readiness.

I am excited to be here because this is an innovative approach that can set the standards for the country with regard to the funding of armories in a multiactivity armory complex.

This is what we talk about—the empowerment and partnerships at all levels of government to include private industry. So it is very exciting, and I appreciate the committee's indulgence to listen to this proposition.

Mr. HEFLEY. Well, we appreciate you coming and bringing these expert witnesses with you. And indeed, Steve, you were very, very supportive last year.

One of the problems we have had, gentlemen, is that the Pentagon does not put armories in their budget because they think someone will take care of it in the Congress. What we have tried to get them to do is to tell us what they really need. If armories are important to them, then let us know that. It still has not worked as well as we would like it to.

We appreciate you coming and we appreciate the joint venture aspects of this. That means a great deal. And now, if we could ask some questions of you, I am going to defer to Mr. Montgomery, who we have a great deal of difficulty getting to have any interest in our Reserve, but maybe if you would pretend, Mr. Montgomery, to be interested in what we are talking about.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I want to commend you, Steve. You said your distinguished guests would be brief today; that is probably the quickest testimony I have heard in recent weeks.

Steve, what is the State putting up?

Mr. BUYER. The total project is \$14.4 million. The State of Indiana—Eric said \$1.7 million; I think it is exactly \$1.691 million.

Mr. MONTGOMERY. That is the 20 or 25 percent to match the Federal funds?

Mr. BUYER. Right. And I think, Mayor, your portion for the local, the community, and the private, is—

Mayor MOWRY. It is \$7.9 million.

Mr. BUYER [continuing]. \$7.9 million. And Federal is \$4.8 million.

Mr. MONTGOMERY. To the city, how will you use that armory? You mentioned youth. Would you explain that in a little more detail?

Mr. MOWRY. Yes, sir. We are proposing to partner with our YMCA, our Girls' and Boys' Club of Grant County, and our Police Athletic League Club and other youth organizations including the Mayors' Youth Council, in building or joining the armory complex

with an activities complex for the entire community. And we are hoping that by doing that, we can take some of the moneys we are currently funding through our Police Athletic Club and Boys' and Girls' Club and better utilize that money in this joint complex.

Mr. MONTGOMERY. As Mr. Buyer knows, I like the idea, and as Mr. Abercrombie has pointed out to me, it is really close to the Challenge Program. You are frowning a little bit, Steve.

Mr. BUYER. No, no, I am not frowning.

Mr. MONTGOMERY. It is close to it.

Mr. BUYER. I like what they are doing here. We went through that debate, Sonny, 2 years ago over the crime bill and crime prevention and those types of things. What is exciting about this is that this is an armory being brought back into the inner city. Let us not take an armory and put it way at the outside of the city. Here is a mayor who wants to bring it back into the city. We believe in the all-volunteer force and the interaction and the cooperation between the community and the military, giving the kids something to do while at the same time making them feel good about the military. That ties into your themes.

You and I have had our discussions, Sonny, about the Challenge Program. I like the program, and we can cover that at another time, but this is very exciting with regard to how we can fund armories and also meet other, legitimate needs of a community.

Mr. MONTGOMERY. I am sold on it. In fact, in Mississippi we are building a Naval Reserve unit on the Meridian Naval Air Station, and the State of Mississippi is putting up 80 percent of the cost. So what you are doing is not a bad idea. The State and the local communities have got to help out on some of this construction, and that seems to be the way that you are moving here.

Mr. Chairman, I really do not have any problems with it, and I think the biggest issue out there is getting our youth more involved with the military. That is where our problems are. I like the idea that the Federal Government, if we can work it out, is putting up how much—

Mr. BUYER. About one-third of the cost.

Mr. MONTGOMERY. About one-third of it.

Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you, Mr. Montgomery.

Mr. Hostettler.

Mr. HOSTETTLER. Mr. Chairman, thank you. I do not have a lot of questions. I am fairly familiar with the project.

I would just like to say that, as Congressman Buyer has pointed out, the Federal Government is going to put in about one-third of the cost of this project, but the National Guard is more and more being placed on the front line of meeting the obligations of our national defense, time and time again, and it is my hope that we would continue to stress the importance of the Guard and give them the resources necessary to meet that obligation if we are going to continue to draw down, which is the intention of those of us who are newer in Congress, to at least stave that off.

At this time, we are calling on the National Guard to be there and be across the seas more and more, and I think it is an excellent way to leverage the funds of the Federal Government; I just wish there were more resources that we could put in these areas



because we are calling on the National Guard to do more and more of what we have in the past traditionally called on the active forces to do.

With that, I will close. Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you, Mr. Hostettler.

Mr. Abercrombie.

Mr. ABERCROMBIE. Thank you, Mr. Chairman.

Colonel Clifford, are you familiar with these Challenge Program demonstration projects in other States?

Colonel CLIFFORD. I am, but only on the surface.

Mr. ABERCROMBIE. OK. This looks like an excellent combination. Having been a director of the YMCA and a supporter of the Boys' and Girls' Club and the PAL in Honolulu, I can certainly understand how you would want to bring them in; but I would suggest that in terms of helping to get funding for a program if you have a new facility like this, particularly in the areas that Representative Buyer indicated, it would serve that you might look to the Youth Challenge Program in addition to those other activities you might want to bring in.

The National Guard in our area has had outstanding success. I have been privileged to work with the Guard on it in Hawaii, and I have been able to speak at two of the three graduating classes from the Youth Challenge Program there; and I can tell you that not only have lives been retrieved, but the National Guard as a mentor, male and female, to these young people is saving lives.

The number of people joining the armed services out of the Challenge Program is between 25 and 30 percent of the class as they graduate. So the armed services, I can assure you, are receiving great value from the Challenge Program. Those young men and women who are entering the armed services from the Youth Challenge Program are outstanding members of the Armed Forces of the United States.

So that, obviously, is not a requirement, Mr. Chairman, from my point of view, with respect to this legislation. I am certainly in support of it, but I would merely add a suggestion to you that consideration of the Youth Challenge Program perhaps in the context of the other private-public organizations that you will be working with, particularly because they are youth oriented, might be something that you will want to consider. And given the new facilities that would come from this, perhaps you could be a guiding light to the rest of the country, then, in integrating this activity.

Colonel CLIFFORD. I thank you for that suggestion. Indiana does have a Youth Challenge Program at the State level, which is very successful, and we do work with that program.

Mr. ABERCROMBIE. I was attracted to it because you mentioned that you want to get away from—I am trying to remember the exact place in your testimony—you want to get back into the city and away from the periphery—I am sure I read that somewhere in your testimony, and I have forgotten exactly where it is.

Colonel CLIFFORD. Yes, sir. Because of land costs, we are being pushed further and further away from the very community that we are supposed to be a vital part of, and I think that our strength and many other things—

Mr. ABERCROMBIE. Right. You want to be in Marion proper; isn't that right?

Colonel CLIFFORD. Yes, sir, and that is what the mayor of Marion and the community have offered us, is a beautiful piece of property in Marion, which saves money because we do not have to purchase that property. It is a donation to keep us there.

So this program is great, and the mayor, of course, is very familiar with the youth programs. What we see, by getting in there early and working with the youth early on, is that if we can do this around Indiana, perhaps the need for the Youth Challenge Program will be lessened because we will be there every day for them.

Mr. ABERCROMBIE. OK. That is great. I would just leave that for a suggestion, and obviously, my support for it is not contingent upon that; it is just a suggestion to you, and I think you would find it very valuable to look into. But it sounds like an excellent idea to me, Colonel.

Thank you very much, Mr. Chairman.

Mr. HEFLEY. Mr. Stump.

Mr. STUMP. It sounds like a good idea to me, Mr. Chairman. I have no comments.

Mr. HEFLEY. Mr. Hilleary.

Mr. HILLEARY. No questions.

Mr. HEFLEY. Then, let me ask, on the youth portion of your program, which is evidently going to be a part of this, where are the program dollars for that going to come from?

Mr. MOWRY. From the respective youth organizations. As a matter of fact, these programs are in existence. We are looking at a YMCA, for example, that needs to be replaced. The city of Marion currently funds the Police Athletic League portion of the programs, as well as a major portion of the Boys' and Girls' Club moneys. So the youth organizations have committed to fund the operations through their existing budgets.

Mr. HEFLEY. Well, let me just say that I like the interjurisdictional cooperation that you show with your project. I like the fact that you are not asking us to do it all for you, that we would only do about one-third of it.

I do not know what we are going to do about armories in the budget this year; but if we do address armories, plans with innovative approaches such as yours, we will certainly look on with favor.

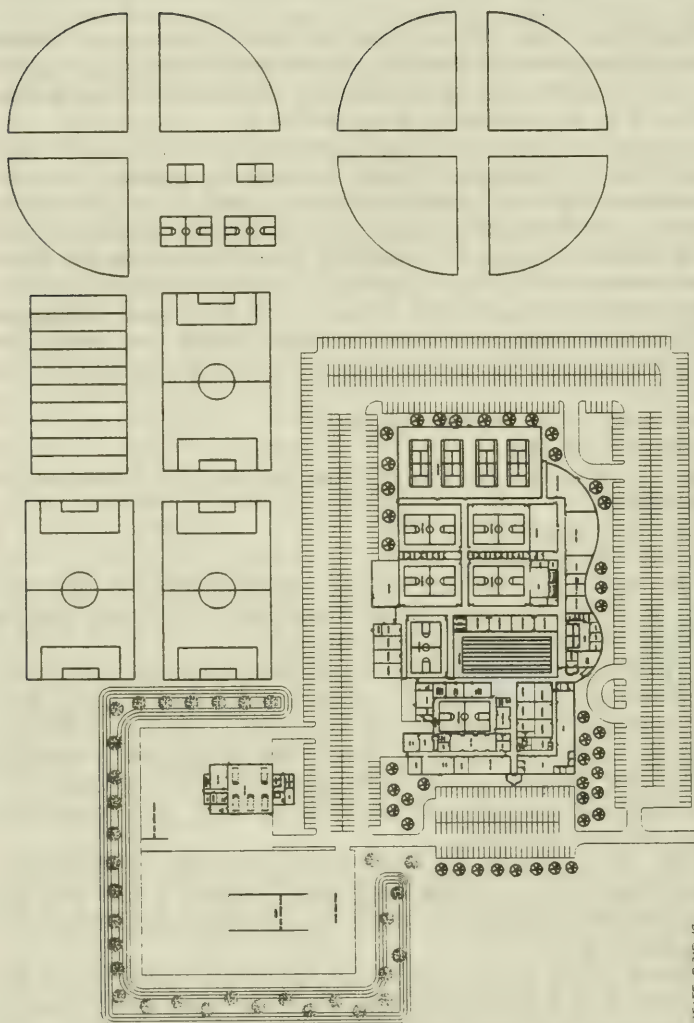
And let me say that you have a very effective spokesman in the Congress for what you are trying to do—in fact, my arm may not heal soon from all the twisting that I have had. So you have a good spokesman for you.

Mr. MONTGOMERY. If the gentleman would yield, you get knots on your head, too, dealing with him. [Laughter.]

Mr. HEFLEY. Thank you all very much. We appreciate you coming and sharing your testimony with us, and we will certainly see what we can do about it.

Mr. BUYER. Thank you, Mr. Chairman.

[The following information was submitted for the record:]



PROPOSED ARMY/ONS/COMMUNITY CENTER

MILITARY DEPARTMENT OF INDIA/CITY OF MARIOT, IN VILLAGE ARCHERHILL, INDIA

# MILITARY DEPARTMENT OF INDIANA

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## Marion Armory and Organizational Maintenance Shop



Briefing Prepared by:  
**Facilities and Engineering**



**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**HISTORY:**

- Built in 1938 for \$174,567.50
- Labor provided by Federal Work Program Administration (WPA)
- Constructed in downtown Marion
- 3 story structure sits on slab 3" to 18" thick

**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**CONSTRUCTION:**

- Exterior, red brick veneer, mortar, poured concrete walls, and general reinforcing
- Interior, no insulation, stucco finish
- Heating by 1 natural gas boiler, piping system
- Electric system - upgraded where possible to meet codes

**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**CONSTRUCTION (Cont'd):**

- Electrical switches and outlets are bakelite or ceramic
- Lighting is single incandescent bulb type & fluorescent
- Floors are hardwood tongue and groove and concrete construction
- Excessive humidity has caused buckling and splitting and spalling of floors

MARION ARMORY  
AND

ORGANIZATIONAL MAINTENANCE SHOP



CONSTRUCTION (Cont'd):

- Windows are 6' single pane, metal case type and are heat inefficient

ROOF:

- Roof decking is of wood, rock ballasted rubber and shingles



**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**ROOMS:**

- Restrooms are poorly lit, with bare lead piping
- Fixtures consist of urinal troughs, stools with no splash protection or doors
- Inadequate sinks, showers and heating
- No female restrooms

**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**ROOMS (Cont'd):**

- Kitchen stoves and refrigerators are inadequate
- Kitchen does not have adequate sanitary dishwashing or serving areas

**MARION ARMORY**

**AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**FACT SHEET:**

**AGE:**

- Armory - 1938, 58 years old; OMS - 1959, 37 years old

**SQUARE FOOTAGE:**

- Armory - 28,402 SF existing, 52,115 SF authorized; SF Short - 23,713

**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**FACT SHEET (Cont'd):**

**SQUARE FOOTAGE (Cont'd):**

- OMS - 3,080 SF existing, 13,264 SF authorized; SF Short -10,184

**PROPERTY SIZE:**

- 3.34 acres existing; 20.00 acres required



MARION ARMORY  
AND

ORGANIZATIONAL MAINTENANCE SHOP



COST FACTORS:

FACILITY VALUE:

- \$80,085 for Armory Structure Only

NEW CONSTRUCTION COST:

- FEDERAL: Armory (\$3,635,800.00); OMS (\$1,120,700.00); Misc. Equipment and Furnishings (\$105,200.00); Total \$ Required - \$4,861,700.00
- STATE: Armory (\$1,225,900.00); OMS (\$0.00); Total \$ Required - \$1,225,900.00

**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**GUARD PERSONNEL:**

**FULL TIME EMPLOYEES:**

- Armory-Headquarters- 5 Employees -  
Headquarters Company- 3 Employees  
Organizational Maintenance Shop- 5  
Employees
- Total Full-Time Employees - 13

MARION ARMORY  
AND

ORGANIZATIONAL MAINTENANCE SHOP



GUARD PERSONNEL (Cont'd):

TRADITIONAL SOLDIERS:

■ Armory-Headquarters	305
■ Organizational Maint. Shop	19*
■ Total Weekend Soldiers	305
■ Armory designed for 1 Mech. Infantry Unit	

\* Additional Soldiers from Headquarters Co.

**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**FACILITY MAINTENANCE AND REPAIR:**

With the programmed construction of the armory and OMS, expenditures have been kept to a minimum with the exception of:

- -\$21,735.00 General Repairs
- -\$17,350.50 UST Removal
- General facility cost for utilities-\$2.60 per SF for FY 93; Estimated cost -\$31,672.70
- FY 93 Heating Cost for Gas - \$20,158.20



**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**NEW MARION ARMORY:**

- A one story 52,115 SF building
- Structure will support 300 National Guard Personnel
- Proposed site is a 20 acre tract of land

**MARION ARMORY  
AND**

**ORGANIZATIONAL MAINTENANCE SHOP**



**NEW MARION ARMORY:**

**The Marion Armory will be constructed with a large community center as a part of the Armory Complex. Funding for the community facilities will come from local government and private sources.**

**MARION ARMORY  
AND  
ORGANIZATIONAL MAINTENANCE SHOP**



**BOTTOM LINE:**

**Total Federal Support Required to  
construct NGB Project Nos. 180067  
and 180066, Marion Armory and  
Organizational Maintenance Shop,  
Marion, Indiana:**

**\$4,861,700.00**

Mr. HEFLEY. We will hear next from Mr. Smith, from New Jersey.

**STATEMENT OF HON. CHRISTOPHER H. SMITH, A  
REPRESENTATIVE FROM NEW JERSEY**

Mr. SMITH. Thank you very much, Mr. Chairman. I appreciate the invitation to appear before the subcommittee and would ask that my full statement be made a part of the record, and I will just summarize.

Mr. HEFLEY. Without objection.

Mr. SMITH. I am asking the subcommittee to approve and authorize a military construction for a Naval Air Warfare Center at Lakehurst, NJ. This is the facility that does all of the aircraft platform interface for the Navy. They do all of the testing for the launch and recovery equipment for our carriers and our helicopters. And I would just say parenthetically that one of my brothers was a fighter pilot and flew A-7's off the *Enterprise*. All of the testing that goes into each of the catapults and the resting gear were either developed and/or actually manufactured, at least the prototypes, at Lakehurst.

Lakehurst was on the chopping block recently. The BRAC—the Pentagon had it as one of its first closed and then radically realigned. When the BRAC commissioners saw what a modern-day example this was of concurrent engineering and having all the artisans and engineers, the actual testing equipment and personnel under one roof, so to speak, at one facility, they rejected the recommendation, and BRAC voted 7 to 1 to keep Lakehurst.

The problem with having been on that BRAC list—and there were rumors of it going on back in 1993—was that this military construction, a \$14.2 million construction for a super lab, was constantly put on hold. Originally, it was scheduled to be programmed for 1995, then 1996, and it kept getting moved back.

Mr. Chairman, when I twisted your arm, or tried to—you have a very tough arm—you came right back and said what you said to the last panel, and I think it was very good advice. You said, tell us what you really need. Add-ons do add up; and I think this subcommittee, very mindful of the budget, is looking and saying all of it is good, but is it what we absolutely and critically need.

So I contacted the commander for the Naval Air Systems Command, Adm. J.A. Lockhart, and asked him to give me an analysis of this facility, and very briefly, this is an excerpt from his letter, and I would ask that the full letter be made part of the record.

The proposed aircraft platform interface lab facility will provide the co-location of labs that are currently in dispersed, substandard and outdated spaces. Each lab was an adaptation of an existing building, and improvements to keep pace with technology have been rare. Safety has become a major concern.

And I would just interject parenthetically that many of the current facilities are laden with asbestos; one of the labs floods when we get heavy rains, rendering it at least somewhat inoperative.

The letter goes on:

Safety has become a major concern as the current labs were not designed to accommodate industrial lasers, noxious fumes, high-energy systems, or to provide clean space. One lab located at a low elevation floods during heavy rainfall.



State-of-the-art labs will be crucial to responding to the technical challenges of the 21st century. Collocation will result in increased productivity and greater efficiency of the labs.

The letter goes on to state:

As envisioned, 15 existing lab functions now located in nine separate buildings, widely scattered around the base, would be consolidated into the new facility located on the engineering campus to strengthen concurrent engineering. The new facility would consist of seven areas: (1) concept exploration, electro-optics, visual modeling and simulation robotics; (2) product development—new develops such as a electromagnetic aircraft launch system and other new technology programs; (3) aviation data managed and control systems and integrated shipboard information systems; (4) aircraft carrier analysis; (5) component analysis; (6) product verification; and (7) fabrication.

The Admiral goes on to say:

The new facility will be a state-of-the-art, energy-efficient facility which will not require the high level of maintenance currently being experienced. As such, I anticipate that operation costs would decrease.

[The following letter was submitted for the record:]



DEPARTMENT OF THE NAVY  
NAVAL AIR SYSTEMS COMMAND  
NAVAL AIR SYSTEMS COMMAND HEADQUARTERS  
1421 JEFFERSON DAVIS HWY  
ARLINGTON VA 22243

IN REPLY REFER TO  
April 16, 1996

The Honorable Christopher H. Smith  
House of Representatives  
Washington, DC 20515-3004

Dear Mr. Smith:

Thank you for your letter of April 10, 1996, concerning Military Construction Project P-208, which is for the construction of an Aircraft Platform Interface Lab Facility at the Naval Air Engineering Station, Lakehurst.

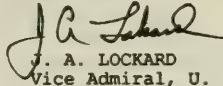
The proposed Aircraft Platform Interface Lab Facility will provide for the collocation of labs that are currently in dispersed, substandard, and outdated spaces. Each lab was an adaptation of an existing building, and improvements to keep pace with technology have been rare. Safety has become a major concern as the current labs were not designed to accommodate industrial lasers, noxious fumes, high energy systems or provide "clean" space. One lab, located at a low elevation, floods during heavy rainfall. State of the art labs will be crucial to responding to the technical challenges of the 21st century. Collocation will result in increased productivity and greater efficiency of the labs.

As envisioned, 15 existing lab functions, now located in 9 separate buildings widely scattered around the base, would be consolidated into the new facility located in the Engineering Campus to strengthen concurrent engineering. The new facility would consist of seven areas: (1) Concept Exploration (Electro-optics, visual, modeling and simulation, robotics); (2) Product Development (New development such as the Electro-Magnetic Aircraft Launch System or other new technology programs); (3) Aviation Data Management and Control System/Integrated Shipboard Information System; (4) Aircraft Carrier Analysis; (5) Component Analysis; (6) Product Verification; and (7) Fabrication.

It is important to note that this project includes a commensurate amount of demolition of old, dilapidated facilities. Not only will outdated R&D infrastructure be reduced, the new laboratory will be a state of the art, energy efficient facility which will not require the high level of maintenance currently being experienced. As such, I anticipate that operations and maintenance costs would decrease.

Your continued support of naval aviation is appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. A. Lockard". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

J. A. LOCKARD  
Vice Admiral, U. S. Navy  
Commander

Mr. SMITH. I think this is one of the most important items that the Navy needs for keeping our aviation component viable. As this letter clearly indicates—and I have lots of data if the subcommittee would like to peruse it—this is needed now rather than later. The program date now is the year 2000. We all know, as recently as the deployment of the two carriers to Taiwan, how important and how critical the ability to project power really is, and if anything breaks, they turn to Lakehurst to resolve it—during the Persian Gulf war and during every crisis we have had, whenever there is an engineering problem or a prototyping necessity, it is Lakehurst to whom they turn.

Mr. HEFLEY. Chris, why 2000? Is it because of the base closure thing that this keeps getting pushed out, not on the priority list?

Mr. SMITH. That has been our experience. For the last couple of years, everything has been put on hold, and then, just like planes getting in line when there is a backup at an airport, they just got further and further back in line, and now there are other issues that take precedence.

But I do believe—and I do hope that you make inquiries at the Pentagon, to other personnel, other leaders—that they really need this. This is not an add-on for the sake of having a military construction and construction jobs. That is nice, but this is a necessity.

Believe me, we had to move heaven and Earth to get Lakehurst off the list that the Pentagon tendered to BRAC. I went to all of the so-called receiving bases and was absolutely shocked at how they had low-balled estimates of what it would take to ship the very heavy machinery and the prototyping equipment to those so-called receiving bases.

Many people in the Pentagon itself thought it was nuts to take this model of concurrent engineering, where you have everybody solving problems in close proximity, and split it all up. It just did not make sense.

So this would be up and running. The year 1995 was when they had scheduled it for; we are now in 1996. We are just hoping to move this much further along than the year 2000.

Mr. HEFLEY. Well, you did a very good job of helping to get this off the closure list. In your conversations with the people at the Pentagon—and we will follow through on that—is it something that could be executed if we authorized it, and it was appropriated in this year's budget?

Mr. SMITH. Yes. It could be done very quickly. It has been costed out; \$14.2 million is the estimate. The plans are as detailed as any plans I have ever seen. I sat down with the commanding officer at Lakehurst, and the papers have been rolled out, and we have looked at them. They want this, and they want it badly. As a matter of fact, the commander, Captain Farr, who is absolutely loyal to the chain of command, but will answer questions when you pose very specific questions, thinks that this is extremely important. He used to be the air boss on the *Kennedy*, and he is a consummate flyer, and he knows that to ensure the safety of our pilots, our aircraft, and the ability to prosecute the mission, Lakehurst is important.

When we get into a scrap—and God forbid that it happen, but if it happens—we are going to need the ability of Lakehurst to re-



spond effectively. Every month that goes by, these dilapidated buildings become less useful and of less utility.

Mr. HEFLEY. Thank you.

Mr. Montgomery?

Mr. MONTGOMERY. Thank you, Mr. Chairman, and thank you, Chris. I can assure you the subcommittee will certainly look into this area that you have mentioned. Was it \$14 million?

Mr. SMITH. Yes, \$14.2 million.

Mr. MONTGOMERY. And one other question. Why didn't the Navy put this as a priority? Why didn't they ask for it themselves?

Mr. SMITH. I am not sure. We have never been able to get an answer to that, which is why we asked the commanding admiral of the Naval Air Systems Command out of Arlington to talk about the need, and not the politics involved and who gets what and when and why.

I have other add-ons. Fort Dix is right near me. I would love to be testifying for military constructions for other reasons. This is the one that I think is needed for naval aviation. But I do not know the answer to that question.

Mr. MONTGOMERY. OK. Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you, Mr. Montgomery.

Mr. Hostettler?

Mr. HOSTETTLER. Thank you, Mr. Chairman.

Congressman Smith, during flooding, what is the utilization of these labs?

Mr. SMITH. There is only one that is actually rendered not useful. But the problem has been that with the scattered site approach, you have engineers and artisans who, if they were under one building, would be as far as you are from me, or maybe a corridor down, and there is constant tasking of personnel to resolve the problem.

I have been amazed, myself. When two BRAC commissioners came, one of whom was very highly technical when it came to these issues, he could not believe the Navy was even thinking of breaking this up. He could not believe it. So I think it is the same thing here. It makes it even more synergistic if you put them all under one roof.

Mr. HOSTETTLER. And then, in regard the report from the Pentagon official that said safety is a major concern, is there an additional report on safety at this particular plant?

Mr. SMITH. We could see if such a thing exists. It is well known, it has been documented—the original plans, going back to the early 1990's, were originally put forward in 1993, for this military construction to be done by 1995 had safety as an issue, and the safety has only gotten worse since.

Mr. HOSTETTLER. I assume that this is a very old facility.

Mr. SMITH. Parts of it are spanking new, and parts of it are very old. As a matter of fact, it is where the Hindenburg went down, and some of those very large bays are still there.

Mr. HOSTETTLER. And you say you have state-of-the-art equipment there, high-energy equipment, that was probably never meant to be there in the first place.

Mr. SMITH. That is correct, yes. And again, that is not just my word; that is the admiral who is the commanding officer for the entire Air Systems Command.

Mr. HOSTETTLER. Is it possible to get a report concerning safety, and could that be made available to us, because that is one of the major concerns we have. When we put people in places of danger, and we want to make sure we alleviate that, and this project seems like a good project that would do just that.

Mr. SMITH. I appreciate that, and as quickly as I can get that to you, I will do so.

Mr. HOSTETTLER. Thank you.

Thank you, Mr. Chairman.

Mr. HEFLEY. Thank you.

Mr. Abercrombie?

Mr. ABERCROMBIE. No questions, Mr. Chairman.

Mr. HEFLEY. Mr. Stump?

Mr. STUMP. No questions, Mr. Chairman.

Mr. HEFLEY. Mr. Hilleary?

Mr. HILLEARY. No question.

Mr. HEFLEY. Mr. Peterson?

Mr. PETERSON. No questions.

Mr. HEFLEY. Mr. Underwood?

Mr. UNDERWOOD. No questions, Mr. Chairman.

Mr. HEFLEY. Well, good. You have done a great job, Chris. Let me ask you one other question. If we could not do all of this, but we were interested in, say, the safety aspects, or we were interested in some portion of it, are there logical breaking points of this \$14.2 million?

Mr. SMITH. There may be—and I would have to check this out to see if it could be done—but there may be a 2-year buy or something. But it is really taking all of these scatter sites, and they will be demolished, and that is included in part of the military construction, and this new, what they are calling a super lab, would be constructed. So unless the money were to be spaced out, it would still obligate the Congress over a certain number of years.

Mr. HEFLEY. There is not a natural breaking point where we could do this building, and then do this—

Mr. SMITH. No, there is no natural breaking point. It is one building.

Mr. HEFLEY. OK. Chris, thank you very much.

Mr. SMITH. Thank you very much, Mr. Chairman.

Mr. HEFLEY. We will look at it quite seriously.

Mr. SMITH. Thank you.

Mr. HEFLEY. Next, we have Ed and Ed. I know that you share facilities. Are you going to be talking about the same or similar facilities?

Mr. BRYANT. Yes.

Mr. WHITFIELD. Yes, Mr. Chairman.

Mr. HEFLEY. Well, then, why don't you both join us at the table. We are not too formal here. Mr. Whitfield, are you going to kick off?

#### STATEMENT OF HON. ED WHITFIELD, A REPRESENTATIVE FROM KENTUCKY

Mr. WHITFIELD. Chairman Hefley and members of the committee, thank you very much. We genuinely appreciate the opportunity to be here and talk about Fort Campbell, KY. And even though it



is classified Kentucky, the biggest portion of Fort Campbell is actually in Tennessee, so I am delighted that Ed Bryant and I are here together today.

I am pleased to appear before you today in support of the fiscal year 1997 military construction appropriation request for the 101st Airborne Division, the air assault unit of the U.S. Army.

This year, the President's request includes \$16.1 million to construct a rail connector and siding from the Government-owned line to the CSX mainline between Fort Campbell and Hopkinsville, KY.

During the Persian Gulf war, it became quite evident that the quick movement of material and equipment from Fort Campbell to Jacksonville was hindered, and the decision was made by the Army that improvements on this connector needed to be made.

Also included in the request is \$35 million for Phase II of a three-phase project to construct barracks, administrative facilities, and dining facilities for the 3d Infantry Brigade. This subcommittee authorized \$10 million for Phase I of this project last year, and Phase II includes construction for 2 barracks to house 732 enlisted soldiers and 2 soldier community buildings to include a day room, television room, storage, and laundry facility.

For the subcommittee's review, I have brought several photographs of the existing barracks to give you some idea of the substandard conditions soldiers are living in at Fort Campbell. From the deplorable conditions in the communal showers, including seepage of human waste from the upper to the lower floors, I would venture to say that there are not many places even in some prisons in the United States which have these kinds of living conditions. This is a travesty, and we urge your approval of these much-needed funds.

Finally, the President's budget contains \$4.2 million for a supply support facility for the 160th Special Operations Aviation Regiment which is also stationed at Fort Campbell. It will include a warehouse and storage yard to provide a permanent facility to secure property currently stored in temporary wood facilities scattered across the base at a distance of up to 12 miles.

I know this subcommittee faces a monumental task, and I know that the budget is low. At the same time, I would like to remind the subcommittee—and I am sure I do not have to remind you—that Fort Campbell is really the home of the premier early deployment force in the U.S. Army, and it is the home of nearly 24,000 military personnel. To delay construction of critical military requirements and quality of life infrastructure and facilities will only add to the overall cost.

For this reason, I am asking the subcommittee's support for consideration of three additional projects that were not included in the President's request. In fiscal year 1995 the Congress authorized and appropriated \$8 million for Phase I for a consolidated education center at Fort Campbell. We are requesting an additional \$6.6 million to go on and complete that project. Studies have shown that delaying it—and I know this is a priority for later years, but delaying it does increase cost.

Fort Campbell has the largest educational program of any division-level installation in forces command. College enrollment in the

education program is 50 students per 100 military personnel, which is the highest in forces command.

My second request is for \$9.9 million to complete Phase II construction of a vehicle maintenance shop. The Congress authorized and appropriated \$8 million for Phase I of this project in fiscal year 1995.

I have also included some photographs which I will leave with the committee, taken at the maintenance shop that the division would like to replace. The soldiers who work in these conditions tell me that quality of life is not just where you live, but also where you work; and I think that after you see these pictures, you will be somewhat appalled by the conditions in these shops.

Finally, last year, Congress authorized and appropriated \$17 million to innovate and upgrade 241 enlisted family housing units at Fort Campbell. To continue this renovation progress, we are requesting the subcommittee's support for \$9.9 million to upgrade an additional 104 units. Work at these units would include increasing net square footage, replacing heating and air conditioning units, redesigning kitchens and bathrooms, and the addition of family rooms and laundry rooms. In future years, the division hopes to secure funding for a Division Soldier Support Center.

Mr. Chairman, we all recognize the restrictions of the budget and the difficult position we are in. We also recognize that many soldiers around our country are actually supporting their families with food stamps and in substandard housing. We think it is very important that we try to correct this, and I want to thank all of you for your hard work and your commitment to the men and women of our armed forces.

Chairman Hefley, I also want to extend special thanks to you for your work in seeking Medicare reimbursement for health care services provided to Medicare-eligible retirees at military health care facilities. I was pleased to add my name as a cosponsor of your bill to establish a demonstration project on Medicare subvention, and I can tell you that you have the complete support of the military retirees in my district.

I want to thank you for this opportunity, and I will leave these photographs with you.

Mr. HEFLEY. We would like to see those photos. You certainly hit on a note that gets our attention on this committee, the strong feeling that I think all of us share that we should not send our troops off to places to serve, whether it be Somalia or Bosnia or wherever it is, and bring them home to Third World conditions in terms of living standards. So we would like to have those pictures.

Mr. Bryant.

[The prepared statement of Mr. Whitfield follows:]



REMARKS OF U.S. REP. ED WHITFIELD  
BEFORE THE SUBCOMMITTEE ON MILITARY INSTALLATIONS & FACILITIES

APRIL 16, 1996

Mr. Chairman, Congressman Ortiz and Members of the Subcommittee.

As one of the two Congressmen who represent Ft. Campbell, Kentucky, I am pleased to appear before you today in support of the FY 1997 military construction appropriations requests for the 101st Airborne Division (Air Assault) and Ft. Campbell.

This year, the President's request includes \$16.1 million to construct a rail connector and siding from the government-owned line to the CSX mainline between Ft. Campbell and my hometown of Hopkinsville, Kentucky. Construction of the rail connector will enable Ft. Campbell to meet mobilization deployment requirements of outloading 1095 rail cars in three and one-half days.

Also included in the request is \$35 million for Phase II of a three-phase project to construct barracks, administrative facilities and dining facilities for the 3rd Infantry Brigade. You will recall that this Subcommittee authorized \$10 million for Phase I of this project last year. Phase II includes construction for two barracks buildings to house 732 enlisted soldiers, and two soldier community buildings to include a dayroom, television room, storage, and laundry facility.

For the Subcommittee's review, I have brought several photographs of the existing barracks to give you some idea of the substandard conditions our soldiers are living in. From the deplorable conditions in the communal showers, including seepage of human waste from the upper to the lower floors, I would venture to say that we have prisoners who have better quarters than many of our soldiers at Ft. Campbell. This is a travesty, and I urge your approval of these much-needed funds.

Finally, the President's budget contains \$4.2 million for a supply support facility for the 160TH Special Operations Aviation Regiment stationed at Ft. Campbell. It will include a warehouse and storage yard to provide a permanent facility to secure property currently stored in temporary wood facilities scattered across the base at distances of up to twelve miles.

I know this Subcommittee faces a monumental task in meeting the construction and family housing needs of our servicemen and women stationed in the United States and abroad. I also recognize that the Army military construction budget is extremely low because so much funding has been set-aside to pay for environmental clean-ups resulting from the base closure process.

At the same time, I would remind the Subcommittee that Ft. Campbell is one of the premier Army installations in this country and the home of nearly 24,000 military personnel. To delay construction of critical military requirements and quality of life infrastructure and facilities will only add to the overall cost.

For this reason, I am asking the Subcommittee's support for three additional projects that were not included in the President's request.

In FY 1995, the Congress authorized and appropriated \$8.1 million for Phase I for a consolidated Education Center at Ft. Campbell. I am requesting your support for an additional \$6.6 million to complete this project.

Ft. Campbell has the largest educational program of any Division-level installation in Forces Command. College enrollment in the education program is 50 students per 100 military personnel--the highest in Forces Command.

Twenty-nine buildings are currently being used to support the Division's instructional and administrative requirements. Of those, twenty-four are wood frame World War II era construction and three are of the metal frame construction. Because these structures are in very poor condition, they are extremely costly to maintain. They are poorly insulated, they have deficient electrical wiring, and the toilet and plumbing fixtures are, for the most part, the same ones first installed over 50 years ago.

Phase I of the Education Center includes 26 classrooms, a library and a science lab. Phase II will provide 24 additional classrooms, for a total of fifty, a vocational technology center, four large laboratories, and additional parking. Once the project is complete, over 100,000 square feet of World War II facilities can be demolished.

My second request is for \$9.9 million to complete Phase II construction of a vehicle maintenance shop. The Congress authorized and appropriated \$8 million for Phase I of this project in FY 1995.

This project is for construction of two standard-design organizational vehicle maintenance shops with 7.5 ton cranes, deployment storage, oil storage, sentry stations, concrete hardstand, and parking to accommodate the 626th Forward Support Battalion and the 86th Hospital unit. A specialized materiel storage will be provided for the hospital unit.

I ask you to take a look at these photos taken at the maintenance shop the Division would like replaced. The soldiers who work in these conditions tell me that quality of life is not just where you live, but also where you work. They take pride in what they do, but it could be done more efficiently and effectively with the right equipment and facilities.

Finally, last year the Congress authorized and appropriated \$17.356 million to renovate and upgrade 241 enlisted family housing units in Werner Park. To continue this renovation process, I am requesting the Subcommittee's support for \$9.9 million to upgrade an additional 104 units.

Work at these units includes increasing the net square footage, replacing the heating and air conditioning systems, redesign of the kitchen and bathrooms, and the addition of a family room and laundry room. Carports, exterior storage, driveways, parking areas and patio areas will all be replaced, and funds will repair or replace utilities and replace or upgrade all gutters, sidewalks and streets.

In future years, the Division hopes to secure funding for a Division Soldier Support Center to provide administrative facilities to support critical command and control functions. Those functions are now primarily housed in World War II facilities totalling 300,000 square feet. The new Center would consolidate those functions into a 266,000 square foot facility at a programmed amount of \$36 million.

Mr. Chairman, and members of the Subcommittee, I want to thank you for all your hard work on behalf of the men and women in our Armed Forces who rely on your efforts to focus on the quality of life issues that are often overlooked by the Pentagon when a major weapons system needs funding. It is a disgrace that so many of our young soldiers cannot feed their families without foodstamps. Giving them a decent and safe place to live and work is just as important as the training and equipment needed to fulfill their missions.

Chairman Hefley, I want to extend a special thanks to you for your work in seeking Medicare reimbursement for health care services provided to Medicare-eligible retirees at military health care facilities. I was pleased to add my name to the list of cosponsors of your bill to establish a demonstration project on Medicare Subvention, and I can tell you that you have the complete support of the military retirees in my District. As a member of the Commerce Subcommittee on Health and the Environment, I will do all that I can to move your bill forward.

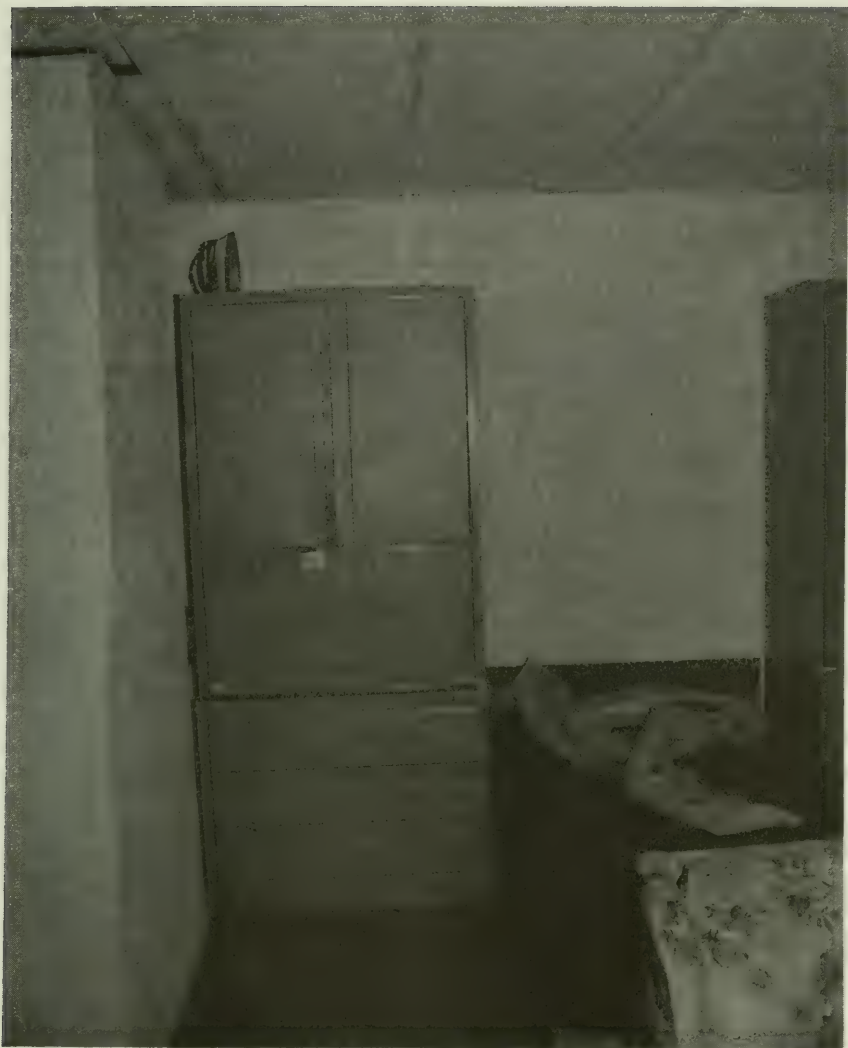
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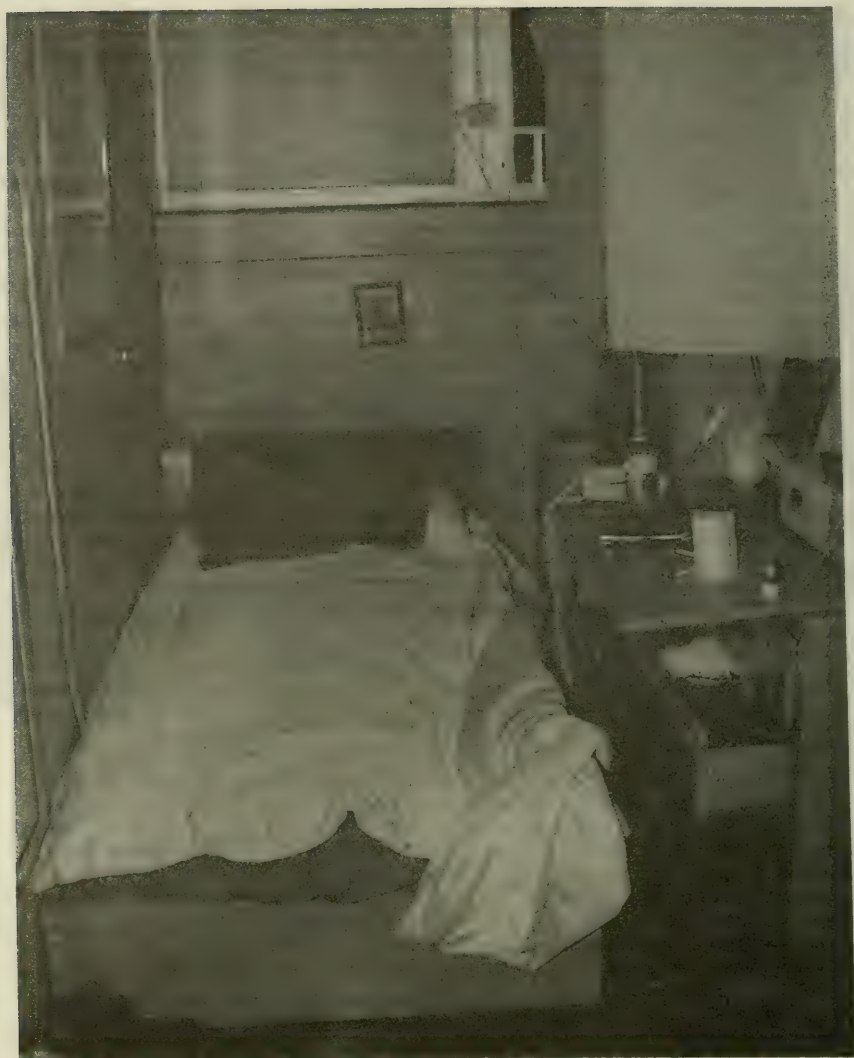
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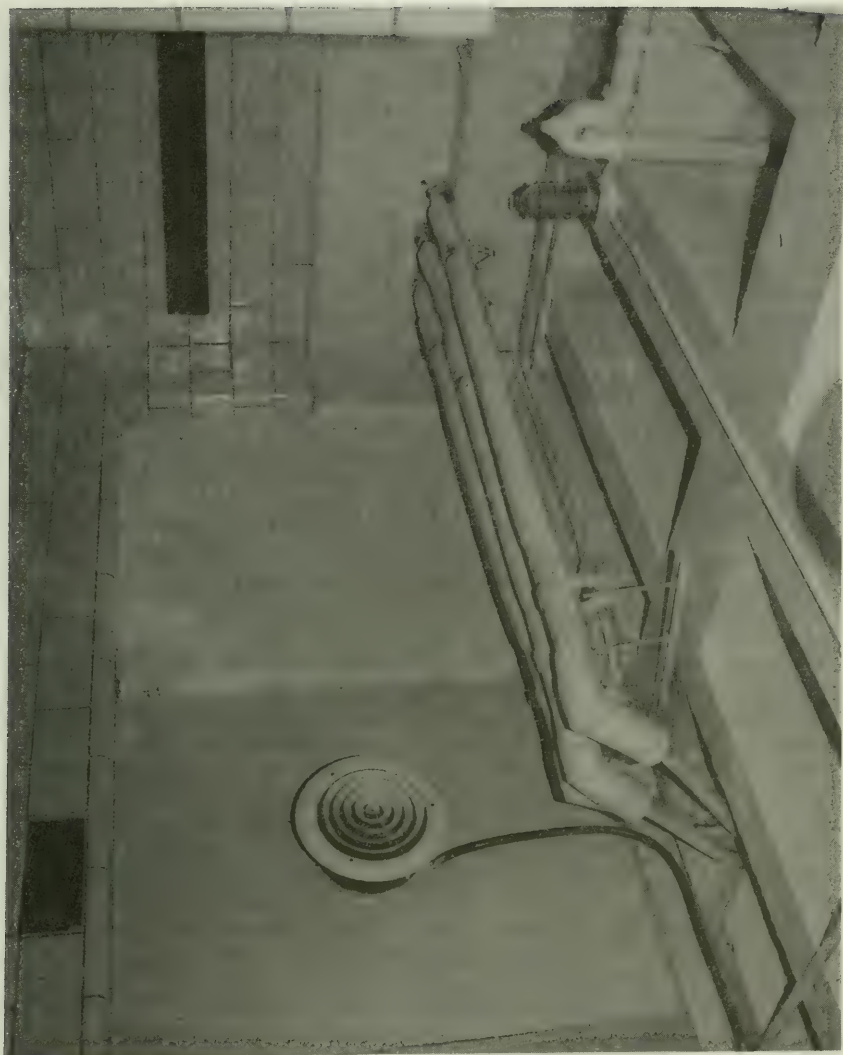


















**STATEMENT OF HON. ED BRYANT, A REPRESENTATIVE FROM  
TENNESSEE**

Mr. BRYANT. Thank you, Mr. Chairman.

I want to add to what Ed Whitfield has said in appreciating all the good work that this committee has done, particularly for Fort Campbell, over the years. It is a premier fort, as Ed mentioned, and we had the privilege of going together down to Haiti right after Christmas to visit with the 101st soldiers stationed there. It is just a tremendous unit, as this subcommittee is well aware.

As a veteran of the Army myself, I do want to point out to anyone who may not be as familiar with the Army as we are in this room that support for a strong national defense is as much about providing quality facilities and good standards of living for our soldiers and their families as it is about buying sophisticated weapons systems.

With this in mind, I am not going to go through my entire statement but would like to be able to submit that for the record, and Mr. Whitfield has pretty well gone through the projects that we are concerned with. But I would like to emphasize a couple of those.

He has emphasized projects that have already been programmed into the President's budget, particularly the railway connector, which is very important for the accessibility to and from Fort Campbell, as well as the barracks construction, the phase II that he mentioned had already been funded last year in phase I.

I might add that when Ed was commenting about the barracks and the showers and the leaking sewage and so on that they had to contend with, as an attorney who defended counties in lawsuits and civil rights violations in my prior life, I can imagine if this were in a prison—and I think he alluded to that—we would have a Federal lawsuit, and that it would be stopped. But yet we are asking people to go overseas and leave their families to risk their lives and fight and come back to these types of conditions. And they cannot file a lawsuit that I know of at this point.

So I think it is very important that we focus on those kinds of needs, to help the morale of our soldiers. One of the major incentives that we have in bringing in new soldiers—and I heard the group before and Chris Smith talk about the National Guard recruiting—one of the major incentives that we have always had in bringing in new soldiers has been the allure of education. And Fort Campbell has access to Austin Peay University there, which is a wonderful university within the State of Tennessee, and as Ed Whitfield mentioned, a tremendous percentage of our soldiers are seeking outside higher education.

As a part of that, we need, I believe it is the second phase of that project completed. Currently, the education division of the fort itself has 29 assigned buildings that support its instructional requirements, and 24 of the 29 buildings are wood-frame, World War II era construction, in very bad condition, and not a particularly good learning environment for education and training.

Again, in this area also, the toilet facilities are in very poor repair, with foul odors; the electrical wiring is in very poor condition, often not having grounding polarity plugs; rooms supporting automation training often lose electrical power due to electrical over-

load, causing delays and potential equipment damage; and they are also very poorly insulated.

Because the educational opportunities provided by local universities and colleges have had such a positive impact on our ability to recruit and retain qualified personnel, Congress has provided approximately \$8 million for a modern education center on-post for fiscal year 1995. Phase II of this program would provide an additional 28 classrooms plus a vocational-technical center and a much-needed parking area, at a cost of \$6.6 million.

Again, Ed Whitfield has highlighted other major projects here, and I would simply reemphasize the fact that, as this committee well knows, while barracks renewals and education centers and railway lines may not be as glamorous or as high-profile as jet fighters and aircraft carriers, the failure to provide for their improvement and/or their upkeep will greatly erode our Nation's ability to attract and maintain quality troops.

With that said, I again want to express my appreciation for your time and would be happy to join with Mr. Whitfield in answering any questions you might have.

[The prepared statement of Mr. Bryant follows:]

Testimony of Representative Ed Bryant  
April 16, 1996  
House Committee on National Security  
FY97 Authorization

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Thank you Mr. Chairman:

Mr. Chairman, I want to thank you and the members of this subcommittee for giving me the opportunity to testify before you today. Speaking as one who has served in the Army, the commitment this subcommittee has made to the well-being of our troops does not go unnoticed nor is it unappreciated by the men and women who live and work on our military installations. And I would like to express my sincere thanks to the members of this subcommittee for their past support of Fort Campbell.

Like many of us in this room, I am a strong supporter of a balanced federal budget and have voted consistently to trim federal spending wherever feasible. While the need to tackle the deficit is important, any defense related spending decisions must be carefully weighed as to their potential effect on our national security. And I want to point out to anyone who may be unfamiliar with the military that support for a strong national defense is as much about providing quality facilities and high standards of living for our troops as it is about buying sophisticated weapons systems.

With this in mind, I would like to take just a few minutes to bring to your attention five projects which I think merit your consideration.

As I'm sure you are aware, opportunities for higher education have become a prime factor in our ability to attract young soldiers as volunteers. It has been a successful recruiting incentive and has enhanced our enlistment success both at Fort Campbell and elsewhere throughout the nation.

Outstanding collegiate educational opportunities have been available at Fort Campbell since the return of the 101st Airborne Division in 1971. Many universities including Austin Peay State University in Clarksville, Tennessee, have provided this invaluable opportunity on post. One detriment to this effort, however, is the state of deterioration of the World War II era buildings that have been used as both classrooms and administrative offices.

Currently the Education Division has 29 assigned buildings that support its instructional and administrative requirements. 24 of the buildings are wood-frame, WWII era construction which are in very poor condition and do not provide a good learning environment for education and training programs. Many of the toilet facilities are in very poor repair and have foul odors. The electrical wiring is in very poor condition, with outlets often not having grounding polarity plugs. Rooms supporting automation training often lose electrical power due to electrical overload, causing instructional delays and potential equipment damage. These buildings are also very poorly insulated.

Because the educational opportunities provided by local universities and colleges have had such a positive impact on our ability to recruit and retain qualified personnel, Congress provided approximately \$8 million for the modern Education Center on post at Fort Campbell in FY95. Phase II would provide an additional 28 classrooms plus a Vocational/Technical Center and a much needed parking area at a cost of \$6.6 million.

I would also appreciate your consideration of Phase II of the Organizational Vehicle Maintenance Shop. This project would provide for the construction of two standard-design organizational vehicle maintenance shops with 7.5 ton cranes, deployment storage, oil storage, sentry stations, concrete hardstand and parking to accommodate the 626th Forward Support Battalion and the 86th Combat Support Hospital. A specialized materiel storage facility would be provided for the Hospital unit.

This project was funded at \$8 million as a Congressional Addition in FY95. The project design is currently at 85% and is scheduled for completion within three months, meaning that the project could be awarded when funding is available. The total scope of the project is 61,437 square feet at an estimated cost of \$9.6 million. This project is currently under design with an estimated contract award date of June 1997.

Also needed at Fort Campbell is authorization for Phase III of the Army Family Housing Revitalization at Werner Park. Phase III would provide for the revitalization of 104 units of existing family housing. The project is the third of four phases that will complete the total revitalization of 404 of 500 units in the Werner Park Housing Area at a cost of \$9.9 million. This project includes increasing the net square footage to allow improvements on the floor plan, redesign of the kitchen and bathrooms, added family room, and laundry room. The electrical system would also be upgraded. Plumbing will be replaced; sewage piping will be polyvinyl chloride and water piping will be copper.

Fort Campbell is also in need of a rail connector and siding from the government-owned line to the CSX mainline between Fort Campbell and Hopkinsville. Construction of the rail connector would enable Fort Campbell to meet mobilization deployment requirements of out loading 1095 rail cars in three and one-half days. The programmed amount is \$16.1 million and was included in the President's budget request.

Finally, I would ask your support for Phase II of a three-phase project to construct barracks, administrative facilities and dining facilities for the 3rd Infantry Brigade. The project scope for Phase II includes construction of two barracks buildings with capacity of 720 soldiers and soldier community building to include day room, television room, storage, and laundry. Barracks will include living/sleeping rooms, private bath, and walk-in closets. Support facilities will include utilities, electric service, fire protection and alarm systems, paving, sidewalks, curbs and gutters, parking, access roads, storm drainage, information systems, and site improvements. The total project scope is 205,300 square feet at a programmed amount of \$35 million and was included in the President's budget request.

Mr. Chairman, I want to reemphasize the fact that while barracks renewals, education centers, and rail lines may not be as glamorous or as high profile as jet fighters and aircraft



carriers, failure to provide for their improvement and/or upkeep will greatly erode our nation's ability to attract and maintain quality troops. I appreciate your time and will be happy to answer any questions you may have.

Thank you.

Mr. HEFLEY. Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

I am familiar with Fort Campbell. When I was there, it was Camp Campbell, and of course, that was during World War II. Maybe Mac McKinney is the only one in the room who might remember that. And I know that the base was in Kentucky, and a lot of the maneuver area was over in Tennessee.

Mr. BRYANT. Were we fighting the Yankees then? [Laughter.]

Mr. MONTGOMERY. And I learned how to drive a tank in those maneuver areas at Camp Campbell, as I knew it.

Some of the things you mention today for Fort Campbell are in the President's budget; is that correct?

Mr. BRYANT. Yes.

Mr. WHITFIELD. \$55 million, I believe, is in the President's budget.

Mr. MONTGOMERY. For repair and construction; and you are asking for \$20 million—how much are you asking for additionally?

Mr. WHITFIELD. We are asking for \$6 million more for the education center, \$9 million for the vehicle maintenance shop, which I have pictures of here, and then \$9 million for the renovation process of the family housing units. So that is \$24 million.

Mr. MONTGOMERY. \$24 million. OK.

Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Abercrombie.

Mr. ABERCROMBIE. No questions, Mr. Chairman.

Mr. HEFLEY. Mr. Hilleary.

Mr. HILLEARY. Yes, Mr. Chairman. I was just going to say that if Mr. Montgomery was there in World War II and was familiar with Fort Campbell then, he is also familiar with it now because some of those barracks look like they have not been improved since World War II.

I had the occasion several times to stay in those barracks over the years—my C-130 Reserve unit would go in there for the weekend and play war games—and they are in bad need of repair. I would hate to have to beat into the ground the analogy with the prison, but I would hate to think that we cannot do better for our troops. So I have had personal experience with that aspect, and I certainly hope we can work on that facility.

Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman.

I have just one question. We already have \$17 million working on family housing renovation or replacement now, and that takes care of 241. Are those all enlisted homes? I guess my question is do you know what the backlog is there, overall?

Mr. WHITFIELD. We have a military construction expert here, Ms. Karen Long.

Ms. LONG. Yes, sir, they are all enlisted.

Mr. PETERSON. They are all enlisted.

Ms. LONG. Yes, sir, and it will be three phases to complete the entire project.

Mr. PETERSON. And we authorized and appropriated that money last year?

Ms. LONG. Yes, sir.

Mr. PETERSON. And there was nothing in this budget this year that did the phase II. Are you ready for phase II?

Ms. LONG. They tell me they are.

Mr. PETERSON. And it is designed and in place, and could actually accept the project?

Ms. LONG. Yes, sir.

Mr. PETERSON. That is all I have. Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Underwood.

Mr. UNDERWOOD. I have no questions, Mr. Chairman.

Mr. HEFLEY. I would just follow up on Mr. Peterson's question. On the other things, the education center, to complete that and so forth, is everything ready to go and could be done if you had the authorization and appropriation?

Mr. WHITFIELD. It is my understanding that that is the situation, that it is ready.

Mr. HEFLEY. Fort Campbell is one of the places that has been part of the inspiration for this whole movement on quality of life. We have volunteer services now, and there has to be some incentive for people to come into the service and stay in the service. We have all seen those ads that say "Be all you can be." In other words, we are appealing to the pride that people have in themselves.

I must tell you that some of those pictures that you showed us, Ed, it is a little hard to have pride in yourself when you go home from a hard day of work in the field, and that is the way your country expects you to live. Now, if it is wartime conditions, and you understand everybody is suffering, that is one thing, but in peacetime in the United States, those are horrible conditions for us to ask young soldiers to live in.

Mr. WHITFIELD. I certainly agree with you, Mr. Chairman, and I must say that my exposure to the military—I served in the military myself, and I am more impressed with the soldiers today and today's Army. Ed Bryant and I, as he said, went to Haiti, and I cannot tell you the enthusiasm and the commitment that these young people have. They are quite impressive, and I do think it is very sad that we cannot provide housing facilities for them to work in that are appropriate.

Mr. HEFLEY. They are impressive, and almost every commander, regardless of the branch of service, that I have visited with say this is the finest bunch of young people we have ever had. But how long is that going to be, I wonder, if we keep this up?

So we are certainly sympathetic to your cause here today, and we will look at it with all seriousness. Thank you very much for your very excellent presentation.

Mr. BRYANT. Thank you.

Mr. WHITFIELD. Thank you.

Mr. HEFLEY. If the panel would join us now at the table please. This panel includes public witnesses representing organizations with deep interest in the policy questions and budget issues which this subcommittee has focused on.

We welcome John Geoghegan of the Air Force Sergeants Association; Charles Calkins of the Fleet Reserve Association; Sylvia Kidd of the National Military Family Association; Michael Ouellette of



the Non-Commissioned Officers Association; and Roger Sandler of the Reserve Officers Association.

Let us start at this end and work across the table. In order to expedite this, because we do have another meeting in this room at 5 o'clock, I think I am going to put you on the clock, and if each person would take up to 5 minutes to make his or her case, your full written statements will be put in the record in their entirety, and then we can open it up for questions.

Mr. Geoghegan.

**STATEMENT OF JOHN J. GEOGHEGAN, LEGISLATIVE  
ASSISTANT, AIR FORCE SERGEANTS ASSOCIATION**

Mr. GEOGHEGAN. Mr. Chairman and committee members, thank you for this opportunity to convey AFSA's views on the quality of life issues that will be a part of the fiscal year 1997 authorization bill.

Because of time objectives, I will not discuss all of AFSA's military construction recommendations, but they have been discussed extensively and are contained in my written statement. However, I will be happy to answer any questions that the statement may have raised.

I will mention other areas that have caught AFSA's attention in the discussion of military construction and the association's concerns.

First, however, on behalf of the millions of active and retired enlisted members of the Air Force, Air National Guard, and Air Force Reserve, thank you for your efforts during last year's authorization process. Your attention has resulted in important forward movement toward rebuilding our military facility infrastructure.

The maintenance of decent, clean, and affordable military facilities, including those for housing, child care, and recreation, is central to the lives of enlisted members. Continued consideration of ways to improve these facilities is needed. The most agreed-upon method is to make greater use of the private sector in reducing the backlog of facilities that require improvement.

While AFSA agrees, it is concerned about the degree of oversight and accountability that would occur under extensive privatization. I will detail these concerns later in my statement when I discuss the findings of the Marsh Quality of Life Task Force.

Mr. Chairman, in the area of housing, while military family housing unquestionably deserves attention, the concerns of the almost 70,000 single, unaccompanied enlisted members—most are grade E-5 and below—who live in on-base barracks cannot be neglected. Many career members will live first as junior airmen in barracks, and the message should be that their quality of life is important. Long-term neglect could have an adverse impact on Air Force retention in the future.

In fact, the fruits of your efforts are beginning to pay off significantly. They can be easily seen simply by visiting Andrews Air Force Base. There, for example, old dormitories with cramped rooms that offered little living space and privacy are being razed to make way for new, improved dormitories. The new standards allow each young airman to have his own entrance, living space, and a shared bathroom—and soon, a shared kitchen.



An interesting comment was recently offered by a first sergeant there. He noted that what is lost in camaraderie among airmen that traditional barracks produced is made up for by the greater morale that privacy brings.

An area deserving of greater attention is reserve component billeting. AFSA asks the committee to address the concerns of those reserve component members who perform their inactive duty and annual training on active duty bases. Billeting construction needs factor only the traditional active duty requirement, meaning that the Reserve contingent must often be housed in more expensive hotel-motel contract quarters.

In this era of increased reliance on the reserve component, billeting construction standards and related funding must be changed to reflect reserve needs.

Mr. Chairman, AFSA recognizes that the findings of the Department of Defense Task Force on Quality of Life are receiving attention. Important suggestions have come out of the task force's report, and I would like to discuss some of AFSA's concerns about them with you today.

AFSA agrees with the task force's conclusion that dramatic changes are needed in military housing policy, including the limited options that are a part of the fiscal year 1996 Defense Authorization Act. However, AFSA is concerned about the suggestion to create a military housing authority that would be endowed with managing all aspects of the military housing delivery system. The authority would be relieved of Federal procurement and military construction laws, regulations, and standards.

AFSA is concerned about giving wide jurisdiction to a housing authority without adequate congressional or DOD oversight.

Another task force suggestion is to provide every military member with a housing allowance in order to provide the housing authority with a steady cash flow. Questions that come to mind are: What would the cost be? Where would the funds come from? If additional funds are not appropriated, will the money be taken from other important accounts?

Further, Congress has only this year begun to bring the basic allowance for quarters and the variable housing allowance back up to the intended 85 percent of off-base housing costs. There is no guarantee that future Congresses will maintain the correct rate of these allowances. Providing an allowance to everyone, regardless of whether they live on- or off-base, without adequate funding, would result in a further lowering of already lacking compensation, both through inadequate allowances and diminished support for the housing authority.

AFSA's primary concern is that if removed from Government oversight, problems could become even more difficult to fix.

A terrible scenario, for example, would be a prolonged battle with one or more contractors for unsatisfactory work. If this occurred, there is certainly the possibility that facility problems would go unfixed, ultimately affecting military members.

The final responsibility for the well-being of military members and their families rests with shared responsibility between the two branches of Government. While the intentions of most private contractors will most likely be honorable, it is certain that a few con-

tractors will not act honorably. How quickly and what actions will the Government be able to take to rectify any problems?

Mr. Chairman, I do not want to give the impression that AFSA opposes privatization efforts. I am trying to emphasize that such previously untested efforts require caution and careful consideration of all ramifications.

Once again, AFSA appreciates your efforts to improve the lives of enlisted members. Your actions have sent a clear and strong signal that their contributions are valued and not forgotten. We are certain that you will continue your productive efforts on their behalf.

I will be happy to answer any questions that you might have.  
[The prepared statement of Mr. Geoghegan follows:]



STATEMENT

BY

JOHN J. GEOGHEGAN

LEGISLATIVE ASSISTANT, AIR FORCE SERGEANTS ASSOCIATION

BEFORE THE HOUSE COMMITTEE ON NATIONAL SECURITY  
SUBCOMMITTEE ON MILITARY INSTALLATIONS AND FACILITIES

ON

QUALITY-OF-LIFE ISSUES

APRIL 16, 1996

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AIR FORCE SERGEANTS ASSOCIATION

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Mr. Chairman and distinguished committee members, thank you for another opportunity to convey AFSA's views on the quality-of-life issues that must be dealt with in the Fiscal Year (FY) 1997 Authorization Bill. Further, on behalf of the millions of active and retired enlisted members of the Air Force, Air National Guard and Air Force Reserve, thank you once again for your efforts during last year's authorization process. The combined attention of committees such as yours and the Secretary of Defense has resulted in important forward movement toward rebuilding our military facility infrastructure.

The maintenance of decent, clean and affordable military facilities, including those for housing, child care and recreation, is central to the lives of enlisted members. Continued consideration of ways to improve these facilities is needed. The most agreed-upon method is to make greater use of the private sector in reducing the backlog of facilities that require improvement. However, AFSA is concerned about the degree of oversight and accountability that would occur under extensive privatization. I will detail these concerns later in my testimony when I discuss the findings of the Marsh Quality-of-Life Task Force. I will now present AFSA's FY 1997 military construction recommendations.

## HOUSING

1. **Family Quarters.** Half of all Air Force families live in on-base housing. However, even though DOD owns 114,000 houses and leases an additional 9,000 in the United States, *39,000 families are on waiting lists for on-base housing.* Another oft-repeated fact is that the average age of housing is 33 years old and many require significant work in order to be considered acceptable under today's standards. At current levels of funding, 24 years will be needed to end the backlog. One clear problem with such a long time frame is that once much of this projected construction is complete, another number of the units will require replacing. In other words, a long time frame results in never getting all units up to a livable standard. Other measures will be needed in order to permanently end the backlog problem. AFSA generally supports privatization initiatives in this area.

2. **Dormitories and Barracks.** According to Air Force statistics, 88 percent of single, unaccompanied members who live in dormitories and barracks most often cite greater privacy as what would most improve their lives. To support this, the Secretary of Defense recently signed off on the "one-plus-one" dormitory standard, which AFSA endorses. It is our hope that enough money will be allocated to implement this standard quickly. This is because current projections show that it will take \$10 billion and 20 years to implement this standard. Of course, the same problem that exists for family housing affects barracks -- never getting all housing up to standard under the current system. *Only a strenuous effort now will result in the implementation of the "one-plus-one" standard in an acceptable time frame.*

(more)



AFSA also hopes that this committee will support the Air Force's stated desire to make as its first goal the elimination of central "gang" latrine dorms by the year 2000. This is a relatively inexpensive initiative that would offer a degree of privacy.

While military family housing unquestionably deserves attention, the concerns of the almost 70,000 single, unaccompanied enlisted members (most are grade E-5 and below) who live in on-base dormitories cannot be neglected. Their housing needs warrant focus because many career members will first live as junior airmen in these facilities. The message should be sent that their quality of life is important. Long-term neglect could have an adverse impact on Air Force retention in the future.

3. **Billeting for Reserve Component Members.** We ask the committee to address the concerns of the reserve component members who often perform their inactive duty and annual training on active duty bases. Billeting construction needs factor only the traditional active duty requirement. The reserve component contingent must often be housed in more expensive hotel/motel contract quarters. In this era of increasing reliance on the Total Force team effort and the growing role of the reserve component, billeting construction standards and related funding must be changed to reflect reserve needs.

#### FACILITIES THAT SUPPORT THE MILITARY LIFESTYLE

1. **Child Development Centers (CDC).** CDCs have become one of the most important programs in the Air Force and are funded through DOD at least one dollar for every dollar that is received from parents. However, the most-often-heard concern by AFSA of young families is the lack of child care facilities for drop-in and daily care. While CDCs currently have the capacity to provide care for 48,988 children per day, almost 37,000 additional children must go elsewhere. Current plans to expand capacity would do so by only 13,000 spaces over the next five years, meeting only 65 percent of the need. 24,000 spaces are needed for children ages 0-5 (who are the most expensive to provide care for off-base), while over 12,000 spaces are needed for before- and after-school care of children ages 6-12. Further, staffing is approved for only 57 percent of the need. This staffing situation limits infant-toddler care especially, because it generally requires one worker for every four children.

The reason that the demand for child care is so dramatic is because the relatively low level of enlisted compensation requires many spouses to obtain jobs. Enlisted members do not begrudge this, but should not be burdened by inadequate government support. The all-volunteer force has led to a larger number of military families. AFSA asks that greater construction amounts for CDCs be authorized to support their needs.

2. **Mental and Physical Fitness Centers.** Past readiness requirements did not concentrate construction resources on those facilities that aid the mental and physical well-being of the Armed Forces. The increase in OPTEMPO and an emphasis on personnel

(more)

health and quick deployability require the modernization of fitness centers. However, the average age of fitness facilities is 30 years, and 10 of these facilities require immediate upgrade. The recent quality-of-life survey showed fitness centers as the most important program to service members by a two-to-one margin. Additionally, the upkeep of libraries and dining facilities is crucial to efforts to maintain readiness.

#### THE MARSH QUALITY-OF-LIFE TASK FORCE

Mr. Chairman, I recognize that the findings of the Department of Defense (DOD) Task Force on Quality of Life are receiving attention. Important suggestions have come out of the task force's report, and I would like to discuss some of them with you today.

As the task force noted, 35 percent of military families live in 387,000 DOD-owned or leased homes. 64 percent of those homes have been classified as unsuitable. The cost of deferred maintenance, repair, revitalization and replacement is around \$20 billion and would take 30 years to fix at today's levels. 82 percent of single and unaccompanied members live in barracks, and 62 percent of them are subject to overcrowding, poor conditions and a lack of amenities. Repair, revitalization and maintenance backlogs are in excess of \$9 billion. Further, it is cause for alarm that so much of the infrastructure is deteriorated, including sewers and water services. These numbers spell out with great clarity the significance of the problem that your committee and DOD face in trying to find solutions to fixing these problems.

AFSA agrees with the task force's conclusion that dramatic changes are needed in military housing policy, including the limited options that are a part of the Fiscal Year 1996 Defense Authorization Act. However, AFSA is concerned about the suggestion to create a "Military Housing Authority" that would be a 501(c)(3) organization endowed with managing "all aspects of the military housing delivery system." The Authority "would be relieved of federal procurement and military construction laws, regulations and standards ..." AFSA is concerned that full jurisdiction given to a Housing Authority, with little to no congressional or DOD oversight, could result in less accountability than can be had under the current system.

Perhaps what is needed is a modification of current quality-classification procedures. The Air Force, it is acknowledged in the Task Force report, has been the most successful in maintaining quality housing. What might be needed, then, is a further improvement of the Air Force procedures, then apply them to all of the services.

AFSA's primary concern is that if removed from DOD oversight, problems could become even more difficult to fix. A terrible scenario, for example, would be a prolonged battle with one or more contractors for unsatisfactory work; if this occurred, there is certainly the possibility that facility problems would go unfixed, ultimately affecting military members.

(more)

Another task force suggestion is to provide every military member with a housing allowance in order to provide the Housing Authority with a steady cash flow. Of course, one question that immediately comes to mind is what would the cost be? Where do these funds come from? If additional funds are not appropriated, will the money be taken from other important accounts? Further, Congress has only this year begun to bring the Basic Allowance for Quarters and the Variable Housing Allowance back up to the congressionally intended 85 percent of off-base housing costs. There is certainly no guarantee that future Congresses will maintain the correct rate in housing allowances. Providing an allowance to everyone, regardless of whether they live on- or off-base, without adequate funding would result in a further lowering of already lacking compensation, both through inadequate allowances and diminished support for the Housing Authority.

AFSA shares the concerns of some members of Congress that the use of private contractors can only happen with strong government oversight, including that of DOD and Congress. *The ultimate responsibility for the well-being of military members and their families rests with shared responsibility between the two branches of government.* While the intentions of most private contractors will most likely be honorable, it is certain that other contractors may not act honorably. How quickly and what actions will the government be able to take to rectify any problems?

Mr. Chairman, I do not want to give the impression that AFSA opposes privatization efforts. I am trying to emphasize that such previously untested efforts require caution and careful consideration of all ramifications.

Mr. Chairman, once again, AFSA appreciates your efforts to improve the lives of enlisted members. Your actions have sent a clear and strong signal that their contributions are valued and not forgotten. We are certain you will continue your helpful efforts on their behalf. As always, AFSA is ready to assist you in matters of mutual concern.



Mr. HEFLEY. Thank you very much.  
Mr. Calkins.

**STATEMENT OF SENIOR CHIEF CHARLES L. CALKINS, USN (RET.), NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION, ACCOMPANIED BY JOE BARNES, DIRECTOR OF LEGISLATIVE PROGRAMS; AND MAC MCKINNEY, LEGISLATIVE COUNSEL**

Senior Chief CALKINS. Mr. Chairman and distinguished members of the subcommittee, it is going to be hard for me to run through this without saying what has already been said, but I will present our views from the Fleet Reserve Association. I am accompanied today by Retired Master Chief Joe Barnes, Director of Legislative Programs, and Retired Sergeant Major of the Marines Mac McKinney, the Association's legislative counsel.

In behalf of the 160,000 members of the Fleet Reserve Association, I wish to thank you for this opportunity to express the Association's views concerning recommendations from the Defense Science Board Task Force on Quality of Life Report of October 1995.

Sergeant Major McKinney, by the way, served on the task force's PersTempo Panel and was an associate member of the Housing Panel.

Before I proceed with my oral statement, allow me to commend this subcommittee and its staff for the outstanding support of military personnel over the years. We in the Fleet Reserve Association salute each of you for a job well done, and I assure you the FRA members worldwide are cognizant of your contributions to their quality of life.

The FRA supports many of the task force recommendations, and these are detailed in my prepared statement. We do, however, oppose some suggestions, specifically the recommendation to offer higher priority to junior enlisted for housing assignments than for senior enlisted personnel.

Only 15 percent of the military's E-1 through E-3's reenlist after their first enlistment, and why the task force wishes to provide greater comfort to those who do not prefer a career in the military is beyond our comprehension.

We do, however, recommend that junior enlisted personnel serving aboard ships be provided either a BAQ or sea pay. These young men and women live in berthing spaces the size of which would bring indignant cries from many civilian authorities if incarcerated prisoners were forced to live in such cramped quarters.

Currently, these personnel are not offered sea pay until they are promoted to the grade of E-4.

The Association also has a problem with offering the Department of Defense the opportunity to develop a military housing authority at its level. The services each have unique challenges in housing their officers in enlisted, married, and single. Because of this uniqueness, FRA recommends that if a housing authority is authorized that it be assigned at the service level. DOD may act as a monitor to ensure that the services are being fair to all in their use of appropriate moneys.



We fully endorse the task force recommend that funds for modernizing and repairing BAQ be fenced to ensure their use for this purpose only. The authorization to provide all military personnel with BAQ is a worthy suggestion, but it appears to be impractical due to the high cost. FRA recommends authorized payments for partial BAQ for personnel assigned to substandard quarters or sea pay for junior enlisted aboard ships. This in itself will be a costly endeavor but a necessary one if Congress and our citizens want to improve the quality of life for uniform service members.

There is growing demand for better housing for both married and single service members, more physical fitness centers, other family and community services, modernized working facilities, and increased funding for modernizing many weapons and training systems. The Fleet Reserve Association certainly does not envy your job of trying to sort out what programs will get more bang for the buck.

The Association is vitally aware of the difficulty this distinguished subcommittee and Congress have in trying to balance the needs of our service members with the moneys provided by the budget process. However, we suggest that priority be directed toward the career force.

As an example, an E-1 entering the Service earns a monthly pay of \$809, increased to \$875 after 4 months of service. Normally, within 6 to 12 months, a promotion to E-2 causes that pay to jump to \$981 a month, and upon advancement to E-3 and after 2 years of service receives \$1,075 a month. These figures do not include housing, food and uniforms. The increases in pay range from \$65 to \$106 a month. In comparison, an E-6 who must wait for some years to be promoted to E-7 and any pay raises other than those which benefit all hands come after serving increments of 2 years each. If the E-6 with 6 years of service reenlists for another 4 years, his or her pay advances \$58 after serving 2 years and \$62 additionally upon reaching the 10th year.

Surely, service members in pay grade E-6 are of greater value to the military establishment than those junior to him or her. For this reason, the Fleet Reserve Association recommends that the priority for the expenditure of appropriated funds be authorized first for career enlisted members of the armed services.

In the 1970's, the exodus of many of the career force caused considerable loss of readiness. The result was enactment of higher pay increases, one targeted exclusively toward the enlisted career force to stop NCO's and petty officers from voting with their feet. Hopefully, this can be avoided as we near the end of the drawdown.

Mr. Chairman, this concludes my statement. If there are questions, I will do my best to respond, and thank you again.

[The prepared statement of Senior Chief Calkins follows:]

# THE FLEET RESERVE ASSOCIATION

Statement of the Fleet Reserve Association  
before  
The House National Security Subcommittee  
on Military Installations and Facilities

Presented by  
Senior Chief Charles L. Calkins, USN (Ret.)  
National Executive Secretary  
Fleet Reserve Association

April 16, 1996



**FLEET RESERVE ASSOCIATION**  
*Serving Career Enlisted Personnel*  
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## INTRODUCTION

Mr. Chairman and other Members of the Subcommittee: On behalf of the 160,000 members of the Fleet Reserve Association (FRA), I wish to express appreciation for the opportunity to present FRA's views regarding appropriations for Military Construction.

As an ombudsman for the men and women serving in the Navy, Marine Corps and Coast Guard, FRA offers the following comments for your consideration. This statement principally addresses the Report of the Defense Science Board Task Force on Quality of Life, and is restricted to the subject of housing, including family, bachelor enlisted quarters (BEQs) and berthing spaces aboard U.S. ships, and educational and recreational programs and facilities.

FRA's Director of Legislative Programs attended all open meetings of the group, and its Legislative Counsel served as a Task Force member of the PersTempo Panel and an interested associate of the Housing Panel.

First, may we please offer a word of caution? FRA believes we should tread easy in any attempt to use the Task Force recommendations to advocate "purple-suiting" the military's housing programs. Each of the Services is uniquely different and each bases its priorities and requirements on the mission(s) assigned. One cannot apply duplicate standards to the Navy and Marine Corps as to the Air Force, even if the latter has a superior program.

The Navy, for example, requires that considerable attention be targeted to improving berthing aboard ships and providing suitable housing for crews while in homeport. On the other hand, the Marines have nearly twice as many first termers as career personnel. Many of the former are deployed or training, and the Corps' principal home-basing needs are focused on retaining careerists, with or without families, rather than first termers.

We must not forget the 1970s, when far too many of our mid-level noncommissioned and petty officers (NCOs/POs) with 10 to 14 years of service

bailed out, leaving the Nation with a "hollow" force. The Navy could not get its ships to sea and the Army's readiness was at an alarming low because these NCOs/POs were voting with their feet. To halt the exodus, Congress provided super pay raises of 11.7 percent in FY 1981 and 10-to-17 percent in FY 1982, with the highest percentages going to NCOs/POs. Additionally, Congress enhanced the amounts of payments senior enlisted personnel might earn in special and incentive pays.

So as we proceed through the following Task Force Report recommendations, please keep in mind that FRA believes it is more favorable to provide programs to *retain* the career force, while at the same time endorsing funding for the comfort of our junior service members.

#### FAMILY HOUSING

• *Task Force Recommendations: #1 — Revive broad family housing guidance; #2 — Give special attention to the special housing dilemma of young service members; #3 — Reduce inequities in housing assignments, a) Develop and apply housing suitability criteria and continually revise (service) lists of suitable and unsuitable housing, and b) Rebate a flat percentage of quarters allowances to those assigned to military housing designated as "unsuitable;" #4 — Update and clarify acceptability criteria for private sector housing for military families; #5 — Identify the federal laws and regulations which drive up the cost of housing delivery and/or dissuade private industry participation; and seek exemption from the most onerous; #6 — Maximize the use of private industry resources and delivery systems to first satisfy the need for affordable, community-comparable, quality housing in the civilian community, and then to maintain, operate and revitalize military owned/leased housing; and #7 — Identify means of redressing the growing inequity between military residents of private sector and military housing.*



### Comments:

• **Recommendation #1** — There is a need to share responsibility for military housing. DOD or the Services must disseminate information to the occupants that the Department not only has the responsibility to furnish suitable housing, but to properly maintain and repair the unit and property. At the same time advising the occupant that, in turn, he or she has the responsibility for residential care. DOD or the Services cannot have high expectations for residential care when the housing unit is substandard and only lackadaisical help is offered by the housing authority in its maintenance and repair.

• **Recommendation #2** — FRA is adamantly opposed to providing priority access to military housing for enlisted personnel in the lower three grades because this will encourage more of them to marry, and thus increase personnel costs for spouses and family members. Additionally, there would be one less incentive, among others created by the all-volunteer force, to move up the advancement ladder. The career force, by the way, would strongly object to this. Its NCOs/POs would likely not be willing to accept a lower priority than for those who have yet to “earn their stripes.” A like-recommendation to apply the same principle to the commissioned officers corps enjoined few takers.

• **Recommendation #3** — a. The Association strongly endorses the need for equity; however, any action taken by Congress and the Services must be carefully orchestrated. Noteworthy is the fact that the combined monthly BAQ/VHA total per unit is inadequate to entice developers to “invest” in building military housing — particularly in high-cost areas; and b. For those having to reside in substandard units — which the Services need to designate more than what are now “on the books” — up to 50 percent of the allowances should be retained by the members. In this respect, bachelor personnel in grades E-1 through E-3, who are not authorized sea pay — which FRA believes unfair — and who live in **smaller spaces than available to incarcerated felons**, should be entitled to receive either sea pay or BAQ. (Also see Recommendation #7 below for further comment.)

• **Recommendation #4** — FRA agrees.

• **Recommendation #5** — The FRA is four-square in favor of the need for Congress to rid the military of the federal laws and regulations that obstruct the development and construction of military housing and many of its facilities. Also of importance is exempting military family/bachelor housing, and family and community service facilities from the Davis-Bacon law. Based on estimates provided by developers, a savings of 10 percent per housing unit may be realized. This equates to one extra unit for every ten units now funded.

• **Recommendation #6** — a. Although the Association leans favorably toward the establishment of a Military Housing Authority, placing it under the cognizance of DOD may not be the way to go. Referring to the comment above, such an action may give DOD another opportunity to “purple-suit” the Services. It may be in the best interest of the Services that each retain its own authority; and b. Part of Recommendation #6 suggested that BAQ be paid to all personnel and roll those monies directly into a family housing account to be used as a source of funds to expedite removal of the maintenance backlog. A worthy proposal, but FRA believes the resulting costs of funding BAQ for all would be prohibitive.

• **Recommendation #7** — FRA addressed the issue of equity in Recommendation #3 above. The Association advocates the adoption of authorizing and appropriating funds to adequately reimburse service members for housing. However, Congress first needs to authorize and appropriate sufficient monies to comply with its own statute of providing housing allowances (BAQ/VHA) that cover 85 percent of a members’ costs based on national and local median prices.

• **Task Force Ancillary Recommendations #1 through #9** — The Association has not listed these nine (9) recommendations in order to focus its comments on the primary recommendations (above and below) and reduce the time necessary to peruse this statement. It does, however, support each of the ancillary suggestions with enthusiasm, particularly #5. **The question of who should or can provide adequate security for military housing located in the**

**civilian sectors must be answered** in order to maintain appropriate security as well as good order and discipline among occupants.

### **BACHELOR HOUSING POLICY**

• **Task Force Recommendations:** #1 — *Amend, complete and clarify bachelor housing policy in relation to the general policy (revised per Recommendation I under Family Housing above); #2 — Initiate Service leadership discussion of the military and other purposes to those served (sic) by the provision of barracks, establish broad assignment parameters, with authorized latitudes to preserve Service ethos, and identify space and amenity requirement's and related costs for intended users; #3 — Set suitability criteria for bachelor housing — both in barracks and off-base, including reimbursement of part of the Basic Allowance for Quarters (BAQ) to anyone assigned to barracks/spaces that do not meet these criteria, etc.; #4 — Set priorities for addressing barracks problems; and #5 — Delineate broad guidelines, goals and requirements for an efficient, customer-oriented system for managing and operating barracks housing.*

• **Task Force Ancillary Recommendations:** #1 — *Commit to providing in the near future achievable amenities; #2 — Eliminate "buy and construct American" legislation, increase appropriations for Military Construction and Operations and Maintenance funding, of barracks overseas (especially in Korea and Italy), and enlist the support of the Departments of State and Commerce to obtain foreign funding to build quality housing for U.S. military use; and #3 — Direct the Services to review local barracks' rules and regulations.*

### **Comments:**

• **Recommendation #1** — The Association supports the necessity for the Services to clarify bachelor housing policy in relationship to that of their family housing program, but at the Service level — not by DOD. As referenced earlier, each Service must have the luxury of deciding what its policy will be.

• **Recommendation #2** — There is much strength in the Task Force's report that junior military service members want more privacy and amenities. Regrettably, not all can be provided comfort due to the composition of units, sections, etc. For example, technical personnel assigned to other than combat or combat-related units, may be better served with more comfortable living spaces. However, combat and some combat support units require unit cohesion. Team work is the essence of combat readiness where a crew, squad, section, etc. must always be cognizant of their mates, develop comraderie, support one another, and perform as one single element in mastering the unit's mission. Many of the comforts provided base operation troops may not be appropriate for deployable personnel. This does not suggest there can't be better ways to offer more comfortable living for those in gang-style barracks or berthing spaces. A bit of imagination, effort, and money can do wonders.

• **Recommendation #3** — FRA agrees. The current law authorizes the payment of a portion of BAQ to members residing in substandard family housing. A like provision should apply to bachelor members assigned to substandard barracks/berthing.

• **Recommendation #4** — FRA agrees with one additional suggestion — **authorize the fencing of appropriated funds for barracks operations, maintenance and repair** in amounts beyond those provided the commander for operation and maintenance of his/her ship or installation.

• **Recommendation #5** — More proficient management of bachelor housing is in many instances a major necessity. An inordinate number of barracks/berthing spaces require much attention in order to provide even minimum comfort. The Fleet Reserve Association agrees to the suggestions offered herein but reiterates the Task Force's caution to step lightly where "sea/shore and other Service rotational patterns" are concerned.

**Ancillary Recommendations #1 through #3** — The Association strongly advocates the adoption of Recommendations #1 and #3 but suggests that Recommendation #1 be a matter for the individual Services. Because of their



respective characteristics, each should determine what amenities can, and should be provided its bachelor personnel. Granted, a Service may have to be nudged a bit, but this might be done by requiring the Service to provide a progress report for this distinguished Subcommittee.

### COMMUNITY AND FAMILY SERVICES

The Fleet Reserve Association supports the Task Force recommendations for Community and Family services. It does emphasize the need for more physical fitness facilities, both ashore and aboard ships — particularly those ships carrying deployed troops. Additionally, adequate recreational facilities and educational programs need to be constructed or developed. For many combat and combat support unit personnel, such substitute amenities can relieve the pressure of residing in bachelor housing that isn't as comfortable as that provided for permanent personnel.

### WORKING SPACES AND FACILITIES

Although housing and other family and personnel services are of great importance, only a cursory mention was made by the Task Force of working conditions under which our service members must perform their daily missions. We must not forget that much of the infrastructure of our military installations, including older ships, is deteriorating at a rapid pace. Many working spaces and facilities desperately require modernization: i.e., insulation, heating and cooling systems, etc. The FRA recommends that a survey of each of the Service facilities be directed by an independent group, and that the worst of the lot receive priority funding.

### SUMMARY

Any action taken by this distinguished subcommittee and the full House and Senate should be principally targeted to the retention of career personnel. The Services cannot accomplish their missions without experienced and knowledgeable leadership. There are always means by which Congress can obtain

personnel not favoring a military career, but there is yet no method devised that can bring in qualified, active duty committed NCOs/POs who have the military expertise to keep the Nation's ships at sea and prevent "hollowness" in the ranks of our ground and air forces. They deserve first priority.

Yet, we cannot overlook the need to maintain high morale and good discipline among the junior grades. This may be accomplished by providing as many comforting amenities as the budget will bear without destroying their will to advance in the ranks in order to be granted the privileges that go with higher pay grades.

Mr. HEFLEY. Thank you.  
Ms. Kidd.

**STATEMENT OF SYLVIA E.J. KIDD, DIRECTOR, GOVERNMENT  
RELATIONS, NATIONAL MILITARY FAMILY ASSOCIATION**

Ms. KIDD. Mr. Chairman and members of the subcommittee, on behalf of the National Military Family Association and the families we represent, I wish to express our gratitude for your support of the quality of life of service men and women and their families.

Last year, in supporting the construction of a new child development center in Yongsan, Korea, this committee under your leadership not only addressed the needs of military families stationed in that area, but significantly reinforced their sense of being citizens and constituents.

In preparation for this year's testimony, NMFA sent a request to our volunteer representatives stationed with their spouses around the world. We reviewed their quarterly reports for 1995 as well as trip reports prepared by our headquarters staff when they traveled in the field. Not all the information from those reports is in this testimony; however, certain themes were prominent throughout all of the reports.

The NMFA representative from Fort Polk, LA reports flooding in housing when it rains, cracked foundations, seams of walls buckling, floor-to-ceiling cracks in the walls, gaps where doors do not fit, continual plumbing leaks, and being without water in second bathrooms. Infrastructure problems are also quite pressing at Ft. Polk. A failure in the sewage system has caused families to live with raw sewage in their yards for months. Less than 100 feet from a set of houses is a large sink-hole created by an inadequate storm drainage system. Those are attachments 1 and 2 to our written report.

At Edwards Air Force Base in California, families actually joke about the uselessness of electric clocks since the power is interrupted so frequently. The civil engineering office verified that the electrical system in family housing is only capable of meeting 1950's power demands. Outages occur almost on a weekly basis. It is ironic that this is the Air Force Flight Test Center.

Nineteen hundred families are on the waiting list for base housing at Bangor Naval Submarine Base in Washington. Twenty-eight thousand families are assigned to Fort Hood, TX, but only five thousand seven hundred eighty three homes exist on the installation. Thirty-five hundred families are on the waiting list for Government quarters.

An E-4 makes approximately \$410 monthly in BAQ and VHA combined and yet is expected to be able to afford housing costs of \$645 a month, is expected to absorb 30 percent of his housing costs out-of-pocket. Fort Hood estimates that they have at least 2,000 soldiers who qualify for food stamps.

The Jackson Park Housing area of Puget Sound Naval Shipyard has 870 family units; 850 are for enlisted families. The Family Service Center Annex that serves these families is housed in small modular trailers that are leased at an annual cost of \$10,000 and are badly in need of repair. These facilities do not have the space to provide pre-deployment briefings, counseling, or other activities that are necessary to support a community where the majority of

the households have a deploying sailor. The chapel that serves this community is located in a converted ammunition bunker, and its size limits the number of people who may attend services to 218. Many are turned away.

Those are attachments 3 and 4 to our written testimony.

A proposal to construct a joint chapel/family support center annex was anticipated to be in the fiscal year 1998 military construction request. It is our understanding that it has now been pushed back to fiscal year 1999, and yet the need is now. The arrival of the *USS Carl Vinson* in 1997 will bring thousands of additional Navy families to the area. The projected cost of the project is \$6.3 million.

Fifty-two percent of the respondents to a survey prepared and distributed by an NMFA representative at an annual community fair in Heidelberg, Germany last August felt that they were giving up more in BAQ than their housing was worth, and 41 percent said their current housing had a negative impact on how they felt about the Army.

The Child Development Center in the Cambrai Fritsch Kaserne is an old stable. The entire facility must close when the weather gets too hot. Floors cannot be sanitized; evacuation doors from the infant rooms do not meet safety specifications, yet 88 children are cared for in this facility. Seventy-five percent of the troops from Darmstadt are deployed to Bosnia.

Requests for new construction in Germany have been put on hold for too long. Many families live in tiny apartments with no sound-proofing and antiquated appliances. Some of the aged infrastructure is literally unsafe. It is past time to bring both family housing and barracks into the 20th century.

If the soldiers from the forward deployed area of Germany are going to be constantly separated from their families for long periods of time to meet United States commitments elsewhere, it is imperative that adequate housing be addressed immediately. Child care needs of this population must also be addressed. Child care always becomes critical when deployments occur, and when those deployments are from a foreign country, the situation is significantly magnified.

The concern for the quality of life of military members and their families shown by this subcommittee is well-known. Unfortunately, so is the scarcity of dollars to address that quality of life. NMFA must, however, strongly support the few requests for family housing, child development centers, and barracks included in the Department of Defense's budget request. We place particular emphasis on the need to continue replacing the deplorable family housing in Hawaii and the request for Fort Hood which will address the lead-based paint problem in Chaffee Village.

NMFA respectfully asks that you consider each of the areas included in this testimony as additional projects. Our deepest concern is reserved for the conditions service members and their families are facing in Germany.

We were extremely surprised that no family housing projects or child development centers for the Army in Germany were included in either last year's or this year's budget request. We would certainly expect that projects are in the budget for outyears and re-



spectfully request this subcommittee seriously consider moving them forward.

Thank you.

[The prepared statement of Ms. Kidd follows:]



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Statement of

**Sylvia E. J. Kidd**

Director, Government Relations

**The National Military Family Association**

Before the

**MILITARY INSTALLATIONS AND FACILITIES  
SUBCOMMITTEE**

of the

**NATIONAL SECURITY COMMITTEE**

of the

**U.S HOUSE OF REPRESENTATIVES**

APRIL 16, 1996

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The National Military Family Association (NMFA) is a nonprofit, predominantly volunteer organization with membership from the seven uniformed services, active duty, retired, reserve component and their family members and survivors. NMFA is the only national organization whose sole focus is the military family and whose goal is to influence the development and implementation of policies which will improve the lives of those family members.

Mr. Chairman and members of the Subcommittee, NMFA and the families we represent come before you with gratitude for your support of the quality of life for service men and women and their families.

Last year your support for the construction of a new Child Development Center in Yongsan, Korea, not only addressed the needs of military families stationed in the area, but significantly reinforced their sense of being citizens and constituents. Active duty military families are often reluctant to communicate with their members of Congress. This is particularly true for those stationed thousands of miles away on foreign soil. The excitement and empowerment these families feel because their petitions, both as individuals and through NMFA, were heard and addressed will remain with them for many years to come!

In preparation for this year's testimony, NMFA sent a "Please Help - Need Information ASAP" request to our 90 volunteer Representatives stationed with their spouses at installations around the world. We also reviewed information included in NMFA Representatives' Quarterly Reports for 1995 and trip reports prepared by our Headquarters staff when they traveled in the field. Not all of the information gathered is included in this testimony and certainly not all U.S. military installations world-wide are represented. However, certain themes, ones which will come as no surprise to this Subcommittee, were prominent through out all of the reports.

## REPAIR, MAINTENANCE and INFRASTRUCTURE

### From Ft. Polk, LA

The NMFA Representative reports that she is lucky enough to live in one of the newer sets of government quarters and is very well satisfied. She also reports that many of the repair and maintenance problems reported in 1995 remain. Families told her of flooding in their housing when it rains; cracked foundations; seams of walls buckling; floor to ceiling cracks in the walls; gaps where doors do not fit; continual plumbing leaks and being without water in second bathrooms. Infrastructure problems are also quite pressing at Ft. Polk. A failure in the sewage system has caused families to live with raw sewage in their yards for months. Less than 100 feet from a set of houses is a large sink hole created by an inadequate storm drainage system. According to the Representative, "The hole is at least 5 feet deep and 6 feet across. The cement culvert is exposed and has sharp edges which could be a danger should a child fall into the hole." (attachments #1 and #2)

### From Edwards Air Force Base, CA

The Edwards AFB Representative obtained verification of problems observed when a Headquarters staff member visited the installation in late January. Families actually joked about the uselessness of electric clocks since the power was interrupted so frequently. The civil engineering office verified that the electrical system in family housing is only capable of meeting 1950s power demands and that outages occur almost on a weekly basis. It is ironic that at the Air Force Flight Test Center military families may have to forego entry into the modern information highways because the electrical system of their homes may not adequately support computers!

Most of the housing areas do not have curbs, gutters or sidewalks next to their roadways. Children must ride their bikes in the streets. At the January 1996 Family Force Forum delegates suggested foregoing a needed parking lot paving project in order to fund a small down payment on the beginning of sidewalk construction.

Renovations are underway in some of the enlisted housing areas, but the older homes can only be described as tiny with Lilliputian yards. Unfortunately the yards on the renovated homes will be no larger. Family Day Care providers do not have enough



room to put up the required outdoor play equipment. In fact, some who wish to be Family Day Care providers are being turned down. They are not turned down because they are unqualified or do not have the proper equipment, but because of the condition of the outside of their homes. Peeling and flaking paint is apparent on every set of the older quarters. The paint is lead based. Current funding only allows crews to slap a new coat of paint over the old. In the climatic conditions at Edwards this sort of paint job lasts approximately two months.

Desert Villa, the unaccompanied personnel housing area, goes by a variety of locally generated names. Suffice it to say that the facilities were constructed in the 1950s and have received little attention since that time. Shower and tub enclosures in the bathrooms are leaking water into the wallboard and framing components causing rot. In order to fix the area the civil engineering office needs to replace existing roofs; utilities; doors and windows; and mechanical and electrical systems. They also need to refinish floors, walls, and bathroom and kitchen cabinets, and replace bathroom and kitchen fixtures.

### SHOULD WE PUT UP TENTS ?

#### From Bangor Naval Submarine Base, WA

1,900 families are on the waiting list for base housing (10/95).

#### From Camp Lejeune Marine Corps Base, NC

According to the Deputy Housing Director the installation is 3,000 family housing units below what government regulations say is necessary to support the base population.

#### From Hunter Army Airfield, GA

482 of the 486 sets of available quarters were built in 1953. The average size of a 2 bedroom home is 900 sq ft; the average size of a 3 bedroom home is 1100 sq ft; and the average size of a 4 bedroom home is 1300 sq ft (the installation only has eight sets of four bedroom quarters). The waiting time for all quarters except two and three bedroom Junior NCO quarters is indefinite. The waiting time for the Junior NCO quarters is 18-19 months.

From Parris Island Marine Corps Recruit Depot, SC

Parris Island has 231 sets of family housing. Of that number 183 are considered adequate and 48 inadequate. The waiting time for the quarters considered adequate is 17 months and it is 19 months for those considered inadequate. The population of Beaufort County and the surrounding areas continues to grow with a resulting decrease in the numbers of affordable homes for military families. A Naval air unit of 600 personnel is expected to arrive in this area within the year. The current projected deficit for housing in the Tri-Command area (Parris Island, Beaufort Marine Corps Air Station, and Naval Medical Hospital and Dental Center) is 629 units. The military and civilian community are discussing the problem and both agree that more affordable housing is necessary. So far no one has broken ground!

From Fort Hood, TX

28,000 families are assigned to Fort Hood. 5,783 homes exist on the installation. 3,500 families are on the waiting list for government quarters. In FY 95 there was a deficit of 437 in the number of three bedroom homes available in the entire community (on installation and in the civilian sector); a deficit of 1,206 four bedroom units and a deficit of 964 five bedroom units. The civilian sector has responded with construction of two and three bedroom units, but the supply of four and five bedroom homes is extremely limited. The Maximum Occupancy Cost (MOC), the amount of money spent for housing that the government says is acceptable and affordable by rank, for Ft. Hood is ludicrous. An E-4 makes approximately \$1200 - \$1300 a month in base pay and an additional \$390 in BAQ and \$59.92 in VHA, yet is supposed to be able to afford housing costs of \$644.70 a month! In other words, the MOC requires an E-4 to absorb 30% of her/his housing costs out of pocket! Ft. Hood estimates that at least 2,000 of their soldiers qualify for Food Stamps.

From Corpus Christi Naval Air Station/Ingleside Naval Station, TX

The local Chambers of Commerce are literally begging developers to construct affordable housing for Navy families. Sailors are being warned not to bring their families until housing has been secured. The situation leads one to wonder if the area is supposed to be a "homeport" for sailors and their families or only for their ships!

**FAMILY SUPPORT AND SCHOOLS****Schools**

Several of our Representatives requested specific recommendations from their Domestic Dependent Elementary and Secondary Schools, however they were told to go through the Director's office in Arlington. Since this testimony was specifically prepared to represent input solely from the field, we are only including the one installation where a member of our Headquarters staff was able to recently observe the situation.

From Beaufort Marine Corps Air Station, SC

Two schools located on this installation educate students from pre-kindergarten through sixth grade. Both schools are required to use multiple portables for classrooms; walkways used by students are uncovered; ceilings, floor coverings and bathrooms are definitely in need of replacement and renovation. On days following a rainy night some children must slug through mud in order to reach their play areas.

From Randolph Air Force Base, TX

Randolph Elementary School has operated on waivers from Texas state law since 1984. The law requires certain maximum student to teacher ratios. In May of 1995 the state legislature stated that a district may no longer receive waivers to these ratios. Without funding for new construction the elementary school will be forced to convert classrooms now used for computer labs, music and art into regular classrooms to meet the law's requirements.

As a district solely within the boundaries of a military installation the Randolph Field Independent School District receives funding from only two sources, the federal Department of Education under the Impact Aid program and the state of Texas. The laws of Texas require all facility funding to come from the local district. Since the local district in this instance is a military installation, the only place funds can come from is the federal government.

From Camp Pendleton Marine Corps Base, CA

Three Oceanside Unified School District schools are currently located at Camp Pendleton. Children from the Stuart Mesa housing area are bused to these schools which are at or over capacity. The school district has drawn up plans for the construction of a new school which will be in walking distance of the Stuart Mesa housing area. The school is planned to be a community recreation and social center available at night and on weekends for community events and will also provide a location for an after-school care center. The District states that it needs \$7 million to build the school and is asking for federal funding.

Neither of the latter two school requests are for DoD owned schools. The funding for new construction for both should properly come from either the federal Department of Education (in the case of Randolph) or either DoEd or the local tax payers in the case of Camp Pendleton. However, NMFA's concern is the education of military children. DoEd has not addressed the Randolph problem even though it has existed for 12 years! In the case of Camp Pendleton, asking local taxpayers to fund construction for a school to be located on a military installation and which will serve only military children is problematic at best.

**Family Support**

From Puget Sound Naval Shipyard, WA

The Jackson Park Housing area has 870 units of which 840 are for the families of enlisted personnel and their families. The Puget Sound Naval Shipyard (PSNS) Family Service Center has an annex in the Jackson Park area to serve these families. The annex is housed in small modular trailers that are leased at an annual cost of \$10,000 and are badly in need of repair. These facilities do not have the space to provide predeployment briefings, counseling and other activities necessary to support a community where the majority of the households have a deploying sailor assigned to one of the ships at PSNS.

The Chapel that serves this community is located in a converted ammunition bunker and the number of people who may attend the services is limited to 218. More would like to attend, but must be turned away. (attachments #3 and #4)



A proposal to construct a joint Chapel/Family Support Center Annex was anticipated to be in the FY 98 Military Construction request. It is NMFA's understanding that it has been pushed back to FY 99 and yet the need for the structure is now! The arrival of the USS Carl Vinson in 1997 will bring thousands of additional Navy families to the area. The projected cost of the project is \$6.3 million.

## OVERSEAS

### From Heidelberg, Germany

The NMFA Representative from the area prepared and distributed a survey at the Annual Community Care Fair (information fair) in August of 1995. 52% of the respondents felt they were giving up more in BAQ than the housing they were given was worth. 79% of field grade officers responded in this manner. 41% said their current housing had a negative impact on how they felt about the Army and that percent rose to 50% among field grade officers.

### From Darmstadt, Germany

The Child Development Center in the Cambrai Fritsch Kaserne is an old stable. Four of the rooms in this facility have only 240 square feet (presumably the horse stalls were small). The limited space in these rooms only allows occupancy by seven children and one care giver must be in the room. This obviously increases staff costs and does not provide the safety of having two staff members in attendance at all times. The Center has only four window air conditioning units and the entire facility must close when the weather gets too hot. The floors cannot be sanitized; the evacuation doors from the infant rooms do not meet width specifications for safety; and the rest rooms retain odors because there is no ventilation. Eighty-eight children are cared for in this facility (at least when its cool enough).

The Child Development Center in the Lincoln Village area has no playground, no sound proofing, inadequate cooking facilities and inappropriately sized toilets and sinks for preschool children. Seventy children, forty above the number that meet the maximum capacity numbers of Army Regulations, are cared for in this facility. The combined waiting list for both Darmstadt facilities includes 243 children.

Seventy-five percent of the troops from Darmstadt are deployed to Bosnia.

NMFA was extremely pleased with the Quality of Life guidelines set by USAREUR. The vast majority of soldiers and their families are living within the directed time/distance limits from support facilities. "Bedroom" communities with little or no support services were NOT created. Despite significant problems that developed when large numbers of soldiers and their families were sent back to the United States, the realignment of servicemembers and their families into the drastically reduced number of U.S. installations in Germany has been accomplished with great care and understanding.

However, funding for new construction or even significant renovations has been put on hold for too long. Many families live in apartments that are tiny, the appliances antiquated, and where sound proofing does not exist. "Stairwell" living in the oldest of these apartments, where the most intimate details of a family's life are heard by all in the building, is not satisfactory. Some of the aged infrastructure is literally unsafe. It is past time to bring both family housing and barracks into the 20th century. If the soldiers from the forward deployed area of Germany are going to be constantly separated from their families for long periods of time to meet U.S. commitments elsewhere, it is imperative that adequate housing be addressed immediately. It is also a necessity to address the child care needs of this population. Child care always becomes critical when deployments occur. When the deployment is FROM a foreign country the situation is significantly magnified.

#### **MARSH QUALITY OF LIFE TASK FORCE RECOMMENDATIONS**

NMFA is aware that much discussion has occurred regarding the recommendation for a separate Military Housing Authority. We are also aware that DoD has not yet forwarded a legislative proposal to implement the recommendation or substitute initiatives. Until such a proposal is forwarded it is difficult to make a decision on whether or not NMFA would/could/should support it. However, the time line to reach adequacy using normal military construction funding is not acceptable. The budget scoring problems with some of the new, and most welcome, authority included in P.L. 104-106 would seem to inhibit significant additional new construction. If each servicemember's actual housing allowances were budgeted for it would seem

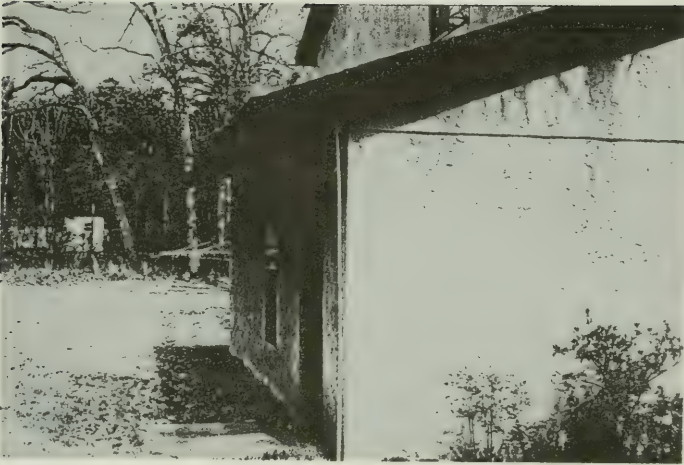
personnel costs would be more accurately reflected. (NMFA would suggest the same should be done for Health care/Medical benefit dollars.) On the other hand, NMFA would caution that the tax liability of servicemembers must be carefully explored before new authorities are granted that would put them at financial risk.

The current death spiral of aged infrastructure and buildings must be addressed. Each year that goes by without significant change increases the cost of rehabilitating the military's housing inventory. It would seem prudent to explore new lines of thinking and new ways of doing business if a solution to the situation is to be found.

### CONCLUSION

The concern for the quality of life of military members and their families shown by this Subcommittee is well known. Unfortunately the scarcity of dollars to address that quality of life is also very evident. NMFA must, however, strongly support the few requests for family housing, Child Development Centers and barracks/dormitories included in the Department of Defense's budget request. We place particular emphasis on the need to continue replacing the deplorable family housing in Hawaii and the request for Fort Hood which will address the lead based paint issue in Chaffee Village and provide needed 4 and 5 bedroom family quarters.

NMFA respectfully asks that you consider each of the areas included in this testimony as additional projects. Our deepest concern is reserved for the conditions servicemembers and their families are facing in Germany. We were extremely surprised that no family housing projects or Child Development Centers for the Army in Germany were included in either this year's or last year's budget request. We would certainly expect that projects are in the budget for outyears and respectfully request this Subcommittee seriously consider moving them forward.



**Attachment #1 - A: Family Housing, Fort Polk, white brace holding up roof**

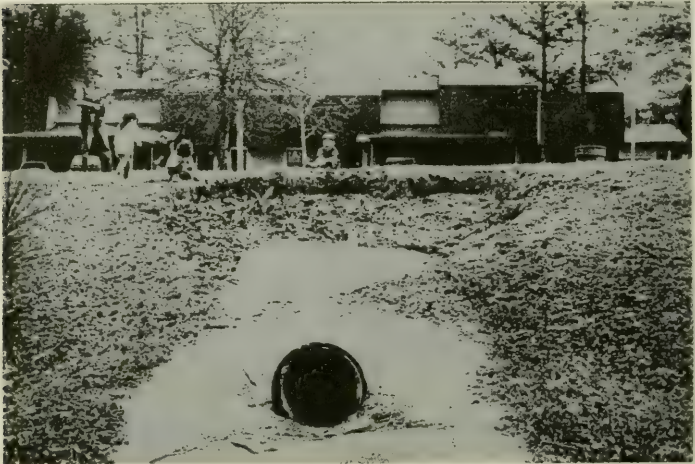


**Attachment #1 - B: Family Housing, Fort Polk - patch for cracks in outside wall around window**

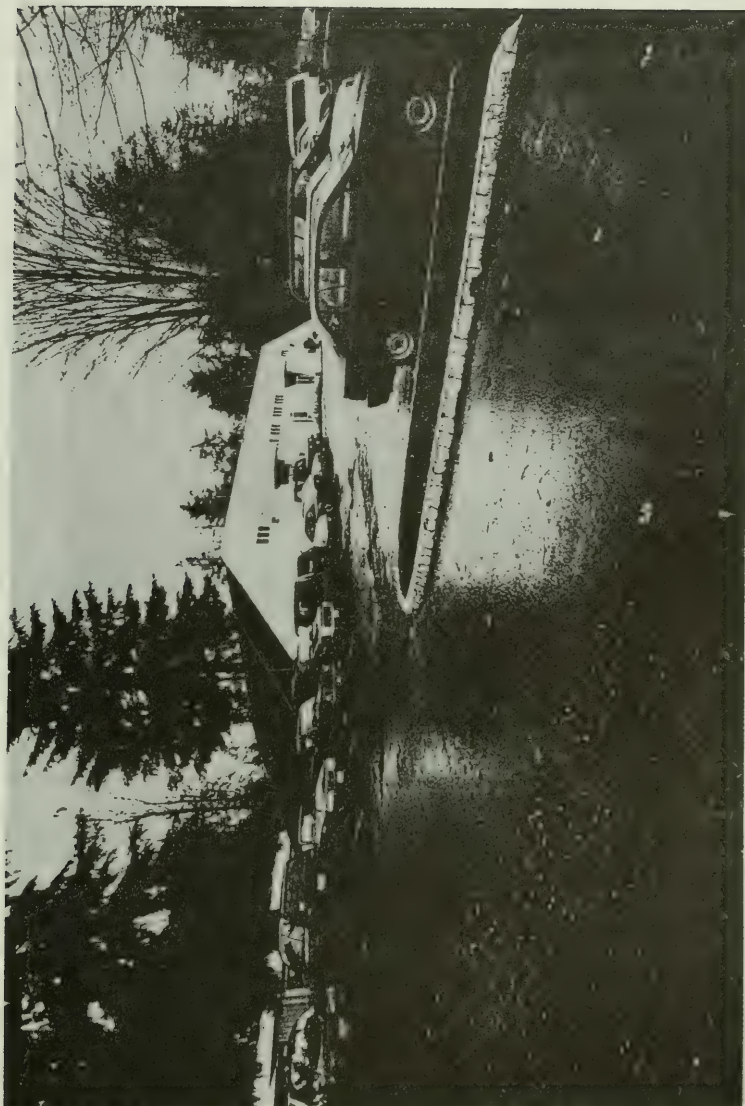




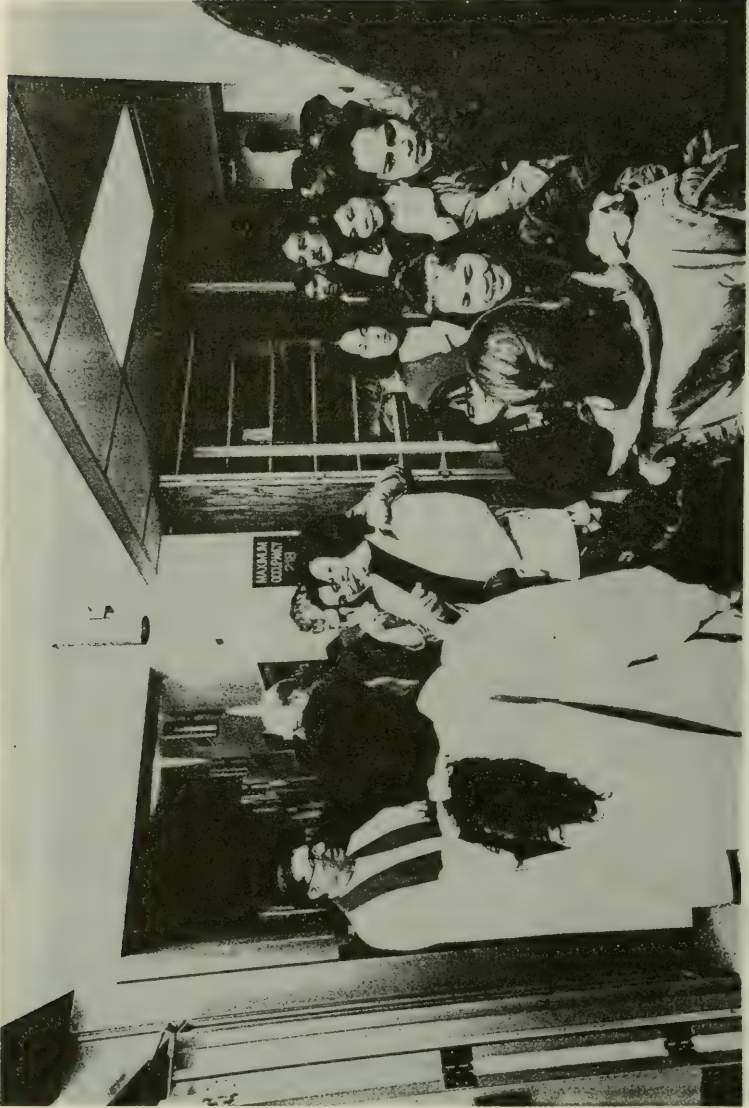
**Attachment #2 - A: Family Housing Area, Fort Polk - storm drain and sink hole**



**Attachment #2 - B: Family Housing Area, Fort Polk - sink hole and area beyond where sewage accumulates when sewer system backs up**



Attachment #3: Jackson Park Chapel in ammunition bunker



Attachment #4: Jackson Park Chapel - note capacity limits



Mr. HEFLEY. Thank you, Ms. Kidd.  
Mr. Ouellette.

**STATEMENT OF SGT. MAJ. MICHAEL F. OUELLETTE, USA  
(RET.), DIRECTOR OF LEGISLATIVE AFFAIRS, NONCOMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES**

Sergeant Major OUELLETTE. Mr. Chairman, thank you very much for the opportunity to be here today. I will be brief. You have our statements, and I think all of us on this panel agree pretty much in the thrust of those statements.

I would like to say a number of things. First of all, I would like to thank you personally on behalf of NCOA for your efforts last year, and of course, your efforts on Medicare subvention.

I would like to compliment you. I have testified many times this year, and this is one of the better attended hearings that I have been to here, and all the numbers seem to have expressed basically what have been outlined in our statements as to the need.

My NCOA would like to particularly thank the honorable Ed Bryant and of course Ed Whitfield today, who I think said basically everything that we hoped to say and said it very well; and I am really happy that we are faced with a Congress that is able to focus that kind of feeling and attention on military people.

Mr. Whitfield mentioned one point that has not really been addressed in great depth, but I think in the question of priority, many of the plans and new construction are long range. NCOA says the problem, as Ms. Kidd has said, is immediate, and the way you handle immediate problems is with maintenance and repair funding. I am not sure that these problems and those that Mr. Whitfield surfaced can be addressed with any sense of immediacy with new construction. I think it is the job of this subcommittee to mediate that and come to some kind of conclusion.

But we would recommend that you take a look at some of the concerns that have been expressed today, and you will probably hear more of the support facilities, the motor pools, the tank parts that are old and antiquated and are unable to handle the new, modernized equipment. I think that was a very good point that Mr. Whitfield made.

We were quite encouraged a number of weeks ago when many of us here today testified before Mrs. Vucanovich's subcommittee. That subcommittee shares very much, I think, the same feelings that you are feeling; and at that time, she stressed that we work to get programs authorized, because at least the feeling I got was that she was very eager to fund the work that this subcommittee would authorize.

Mr. Chairman, on behalf of NCOA, we want to thank you again for the opportunity to appear and thank you very much for your effort.

[The prepared statement of Sergeant Major Ouellette follows:]





**NCOA**

**Non Commissioned Officers Association of the United States of America**

225 N. Washington Street • Alexandria, Virginia 22314 • Telephone (703) 549-0311

**STATEMENT OF**

**SERGEANT MAJOR MICHAEL F. OUELLETTE, USA, (RET)**

**DIRECTOR OF LEGISLATIVE AFFAIRS**

**AS ENDORSED BY**

**THE NATIONAL MILITARY/VETERANS ALLIANCE**

**BEFORE THE**

**SUBCOMMITTEE ON MILITARY INSTALLATIONS AND**

**FACILITIES**

**COMMITTEE ON NATIONAL SECURITY**

**ON**

**FISCAL YEAR 1997 MILITARY CONSTRUCTION**

**AUTHORIZATIONS**

**U.S. HOUSE OF REPRESENTATIVES**

**SECOND SESSION, 104TH CONGRESS**

**APRIL 16, 1996**

*Chartered by the United States Congress*

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Mr. Chairman, the Non Commissioned Officers Association of the USA (NCOA) appreciates the opportunity to present testimony to this subcommittee concerning Fiscal Year 1997 Military Construction Authorizations. Today NCOA will provide a number of concerns and offer some comments and recommendations which it believes will be of value to the subcommittee during deliberations.

NCOA is a federally chartered organization representing 160,000 active-duty, guard and reserve, military retirees, veterans and family members of noncommissioned and petty officers serving in every component of the Armed Forces of the United States; Army, Marine Corps, Navy, Air Force and Coast Guard. In this regard, NCOA's positions and recommendations on the issues can be directly attributed to the input received through communication and coordination with our members. NCOA is always enthused with any opportunity to speak on behalf of the men and women of the military services and hopes the Association's input will be informative and valuable.

NCOA is pleased to report this year's statement has been endorsed by the member associations comprising the National Military and Veterans Alliance. The Alliance membership includes the Air Force Sergeants Association, the Korean War Veterans Association, the National Association of Uniformed Services, the Naval Reserve Association, the Non Commissioned Officers Association and the Society of Military Widows. These organizations represent over 500,000 members of the seven uniformed services, officer, enlisted, active-duty, reserve, retired, and veteran plus their families and survivors.

## PREFACE

For many years, NCOA has stressed the importance of overall military construction to the morale and welfare needs of military members and their families. The Association followed suit in 1995, but it became a very special year since the Administration, the Congress and the Defense Department focused a great deal of attention on the military's need for many new quality-of-life projects and associated improvements.

The Secretary of Defense, William Perry, recognizing the dismal condition of military housing pushed hard to focus some \$450 million in that direction. This realization came as no surprise to NCOA since the need for new construction of military family housing and bachelor quarters, coupled with DoD's financial inability to adequately maintain and repair existing facilities, were always high among the lists of complaints offered to the Association by senior noncommissioned and petty officers. These continual complaints, complimented by the attention of virtually all concerned, confirmed the fact that living conditions and other associated programs are tremendously important to members of the military and their families. Fortunately, many of these needs fall within the oversight responsibilities of this subcommittee since it has a great track record of being responsive to the needs of military people.

In this statement, NCOA will urge this subcommittee to "maintain the momentum" gained in the area of last year's Military Construction Authorizations legislation. The Association will



ask this subcommittee to honor the Defense Department's request for continued new construction of family housing and single member living quarters, to include the repair funds needed to improve existing living, educational, family support, equipment and medical facilities.

Since the benefits of housing construction and repair efforts are not immediately realized by military people, it is vitally important that **authorization consistency** be the order of the day in a concerted effort to preclude drastic and sudden requirements or changes to the overall military construction situation. Consistency is the key to maintaining the momentum. Additionally, NCOA hopes to assist the subcommittee members by surfacing a number of real life situations and problems obtained by NCOA representatives from senior enlisted members during on-site visits to a number of military installations during the course 1995 and early 1996.

#### A SPECIAL WORD OF THANKS FROM NCOA

Mr. Chairman, NCOA is particularly grateful to you and the members of your subcommittee for your efforts and accomplishments in 1995. In a year when funding reductions, cost-saving initiatives and budget "deadlocks" were the order of the day, your subcommittee acted responsibly to meet oversight requirements. While bipartisan cooperation in Congress and cooperation between Congress and the Administration somehow became side-lined, through your leadership and that of Mr. Ortiz, the subcommittee's Ranking Minority member, this

subcommittee remained focused and worked together to "get the job done." NCOA is extremely proud of the manner in which your subcommittee accomplished it's mission and is very pleased you did so by exercising "the enlisted members' approach to mission accomplishment - Working Together."

### THE ADMINISTRATION'S FISCAL YEAR 1997 BUDGET REQUEST

NCOA is extremely encouraged with a number of military construction programs included in the Administration's budget which went to Congress on March 4, 1996. In particular, the Association is encouraged that as part of the requested \$242.6 billion to fund the Department of Defense in FY 1997, the budget continued to "maintain the momentum" in the area of quality-of-life. Among those aspects of the budget receiving an NCOA endorsement are the proposals to build or replace 2,300 family housing units and improve another 4,100 units and to build or refurbish dormitories or barracks for single enlisted members at 42 sites occupied by 12,200 service members.

NCOA is somewhat disappointed that child care, although it remains a priority, will be funded short of the goal to provide 65 percent of the spaces needed. While it appears the budget will fund child care to approximately 60 percent of the required spaces across the services, the Navy apparently is expected to only meet approximately 52 percent of its child care needs. In this regard, NCOA points out that more and more enlisted families are relying on dual income associated with spousal employment to supplement minimized annual military

pay raises. In order to maximize their efforts to maintain financial stability or well-being, the availability of child services and facilities has become of paramount importance. NCOA recommends the subcommittee authorize child care to the 65 percent space requirement for all the services including the Navy.

### FAMILY HOUSING

NCOA recommends new construction of family housing and repair of existing housing units remain high priorities with this subcommittee in authorizing funds to support the programs cited in the Administration's budget request. Although new construction authorizations are extremely important to maintaining a consistency in the out years, of the two, the authorization of funds for repair of existing units should have priority.

The rationale behind this recommendation centers around the need to make rapid "improvement - headway" as soon as possible. Enlisted families tell NCOA that although new housing would be very much appreciated, the quality of existing structures mandate upgrade attention immediately. Families report that current conditions in some locations will not allow the luxury of the time it takes to construct new facilities. Ideally, the priorities should be a mixture of both funding categories. Repair money to address the immediate needs and new construction funds to **"maintain the momentum"** to meet the long-term needs associated with annual funding consistency.

In recent testimony, the military's Senior Enlisted Advisors, although in some disagreement on specific priorities, stressed the importance of housing, both married and single, to the morale of their individual services. NCOA concurs with their overall assessment of the importance of housing. The Association also believes improvements for both married and single members will not only address the immediate morale concerns, but are, in fact, investments in the military services' abilities to recruit and retain enlisted members in the future.

The housing requirements of the future must also be considered. It is no secret that military housing units are aging. In 1995, it was reported that 76 percent of Army family quarters were more than 28 years old. It was estimated that 45 percent of all family housing units were over 40 years old. It was also interesting that DoD reported last year that of its 376,000 on-base housing units, 58 percent or 219,000 units were rated unsuitable. There is no doubt that the positive efforts and actions of this subcommittee last year will improve this statistical outlook, but much remains to be done. The subcommittee's support of the Administration's request to build or replace 2,300 housing units and improve an additional 4,100 units will not fix the entire problem, but is without a doubt a major step in the direction of "maintaining the momentum."

### **DORMITORY CONSTRUCTION, RENOVATION AND MAINTENANCE**

As stated previously, NCOA is pleased with the portion of the Administration's budget to



provide for the construction and repair of single member dormitories or barracks at 42 sites. This action is expected to impact significantly on the quality-of-life conditions of approximately 12,200 single military members. The expectations of young military members, although not unreasonable, are much more than the "three hots and a cot" expectations of past generations of men and women who served in the military services. During testimony this year, the military's Senior Enlisted Advisors placed a powerful emphasis on the need to improve single-member housing. NCOA strongly agrees and suggests to the members of this subcommittee that when a Senior Enlisted Advisor sits before Congress and outlines a problem or situation of such substandard proportions that members are entering into "marriages of convenience" just to improve their quality-of-life, something simply must be done.

In the past, there was disagreement among the military services of just what the housing standard for single military member should be. NCOA is pleased that agreement has been reached and resulted in a long-range plan known as "Vision 2020." Although NCOA clearly understands and agrees with this plan, the major concerns of single members reaching the ears of the Association must be resolved well before the year 2020. The major concerns of single members expressed to NCOA by senior enlisted leaders follow:

- Lack of privacy seems to be the priority concern.
- Lack of storage space for field equipment.
- Substandard latrine and shower facilities in older structures.

O Sailors can tolerate the cramped billeting conditions while at sea, however, are dissatisfied when forced to live aboard ship while in home port.

NCOA representatives who are able to make on-site visits to military installations are impressed with the Self-Help efforts being expended to improve living conditions for the single member. Because of insufficient renovation and repair funds, single people required to live in on-base dormitories have assumed responsibility for their own quality-of-life. Noncommissioned and petty officers, voluntarily aided by their people, continue to take matters into their own hands by performing many major and minor self-help renovation projects on their own off-duty time. Many of these projects are not routine by any stretch of the imagination. Most have required virtual reconstruction of the entire interior of any particular structure.

Since they are responsible for the day-to-day living needs of their charges, enlisted leaders say they have no choice other than to do the necessary work themselves. Although NCOA believes such actions clearly demonstrate the positive attitudes of senior enlisted leaders of the military services, this fact alone clearly describes the seriousness of the situation. The actions of this subcommittee last year and efforts to "maintain the momentum" this year will do much to ease the burden on single members and their leaders.

### OBSOLETE SUPPORT FACILITIES

Last year NCOA brought the problem of obsolete support facilities to the attention of the subcommittee. Although senior enlisted leaders inform NCOA that housing and barracks improvements are the major priorities, they still continue to express deep concern regarding the substandard conditions of many old and outdated support facilities believed to pose definite safety hazards for military members who work in or use the facilities. Most of the expressed concerns involve motor pools and tank parks that were once state-of-the-art facilities. These facilities have not been able to keep pace with equipment upgrade and modernization initiatives over the years. Consequently, many facilities are in a run-down situation or are experiencing overcrowding conditions. Senior enlisted leaders are expressing severe safety concerns at a number of training facilities which include potentially life threatening conditions.

The extent of the situation involving unsafe working conditions is not fully known by NCOA, however, the Association recommends that the subcommittee consider asking appropriate questions of those responsible as hearings are held. The answers may give subcommittee members some idea for the full extent of the situation and prompt Congress to appropriate action.

### MILITARY TREATMENT FACILITIES

NCOA recommends this subcommittee respond favorably to DoD requests for new

construction funding of new Military Treatment Facilities (MTFs) and funding for the repair of existing MTFs. MTFs are the cornerstones for the implementation of the Defense Department's new Military Health Care Delivery System known as TRICARE. MTF availability and access for active-duty families and military retirees are key features of the TRICARE program which can reduce out-of-pocket costs to the eligible military medical care beneficiaries. Base Closure and Realignment Closure (BRAC) actions have already significantly reduced the number MTFs available to support the new program.

NCOA asks this subcommittee to consider the medical care needs of military beneficiaries when making the tough military construction authorizing decisions. The availability of MTFs is not only important to the active-duty members, but absolutely essential to the Government's responsibility to meet the promised benefit of "free-lifetime medical care" to those who have served.

#### **ON-BASE EDUCATIONAL FACILITIES**

NCOA recommends this subcommittee take positive action to meet any DoD requests to support construction directed at on-base educational facilities in the United States and overseas areas. Enlisted military personnel and their families are becoming increasingly concerned that deficit reduction efforts will ultimately impact on their children's education. Judging from the efforts of some in Congress in past years to eliminate and significantly reduce Impact Aid funding levels for civilian school districts with enrollments of military children, their concerns are indeed justified. NCOA realizes this subcommittee is not



responsible for authorizing funds to ensure a quality education for military students, but it does have significant influence over the quality of the facilities in which the children are taught. NCOA asks only that this subcommittee meet its responsibilities in this area.

### CONCLUSION

Mr. Chairman, in conclusion NCOA notes that the wants and expectations of enlistment military people are basic and not outlandish by any means. They only ask to be provided living conditions that meet their expectations in terms of the amounts of monthly Basic Allowance for Quarters (BAQ) and any authorized levels of Variable Housing Allowance (VHA) they must forfeit to reside in military family housing or Bachelor Enlisted Quarters (BEQs). NCOA fully realizes this subcommittee has acted responsibly for many years to meet the housing concerns of military people. This subcommittee has always responded to this Association's requests by authorizing housing and family support projects even before military quality-of-life efforts were fashionable. This subcommittee has always done what is "morally correct" and not what is consider to be "politically correct." In this regard, NCOA wants to express its appreciation for your efforts and asks only that the subcommittee members make the difficult decisions to **"maintain the momentum"** in Fiscal Year 1997. Thank you.

Mr. HEFLEY. Thank you very much.  
Mr. Sandler.

**STATEMENT OF MAJ. GEN. ROGER W. SANDLER, AUS (RET.),  
EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION  
OF THE UNITED STATES**

General SANDLER. Thank you very much, Mr. Chairman.

On behalf of the 100,000 members of the Reserve Officers Association, I thank you and Mr. Peterson for being here today to hear our testimony.

I intend to concentrate on the reserve components of the United States, and we are grateful to this subcommittee for all that you have done in the past to ensure that facilities have been provided to enable our forces to train to the degree they did and to be as successful as they were in Operation Desert Storm, Operation Joint Endeavor, and so forth.

I am going to hit you a little bit on construction backlogs and things that are extremely important to the reserve components. Base closures and forced realignments have generated requirements for new construction to support new missions.

Much of the funding for military construction for the reserve components requested and appropriated has been only for new construction, while the needs for repair and renovation have grown.

Even during the 1980's, when defense spending was on the rise, the reserve component military construction backlogs continued to grow. If the reserve components are to continue to make significant contributions to the national security, they must be provided adequate facilities to meet unique requirements, including the location of facilities where there are persons and skills needed to meet reserve component needs.

Demographics are critical to the location of reserve units and reserve component effectiveness. Unlike their active counterparts who can be readily moved to new locations, reservists are tied to the civilian employment, and are often unable to relocate for reserve assignments. There is a limit to how far they can afford to commute to meet training and other service requirements. The closing of a facility can deprive the reserve components of quality and experienced personnel.

Now, the following will address each of the reserve components, and I will be brief on that because you do have a longer statement for the record.

I will start with the Army Reserve. Today, the Army Reserve has a \$1.9 billion backlog of known construction requirements. This facility shortage is further complicated by numerous base closings and the loss of inherent support facilities, many of which were geographically proximate to the Army Reserve units. All of these factors contribute to an average utilization rate of over 200 percent in existing facilities.

Over half of the Army Reserve's 2,700 facilities, which average 31 years old, are inadequate to meet recognized training, maintenance, and storage requirements. Many fail to meet Army standards. This situation has created a training environment that is increasingly unsafe, environmentally unacceptable, and damaging to readiness.

We urge the Congress to authorize and fully fund the Army Reserve's \$48,459,000 budget request for major construction as well as the \$183 million required to eliminate the growing backlog of maintenance and repair, and—this is something that the Congress, quite frankly, has imposed upon the reserve components—the \$36 million to support the environmental compliance requirement.

We further urge the Congress to authorize and appropriate additional funding to move essential construction projects forward into 1997.

In the Air Force, the military construction program is divided into three categories—environmental compliance, new mission, and current mission military construction. The total Air Force Reserve military construction requirement for 1997 is \$98.9 million, which includes \$2.5 million for new mission and \$96.4 million for current mission military construction, even though the current mission alone has an identified requirement of \$147.5 million through 2001.

Air Force current mission MILCON and planning and design funding levels are inadequate to support existing mission infrastructure. The \$551 million current mission backlog equals 31 years at existing funding levels. Additional MILCON funding will increase current mission MILCON and planning design to provide adequate facility support to the Air Force Reserve mission.

In the Naval and Marine Corps Reserve, the budget request for MILCON in fiscal year 1997 is just under \$11 million. This request will support just six relatively small projects, does not include any funds for minor construction, and includes approximately \$1.9 million for planning and design of future projects.

This year's budget request contrasts sharply with the more than \$25 million appropriated for fiscal year 1994, the \$22.8 million for fiscal year 1995, and the \$19.1 million provided by the Congress last year for fiscal year 1996. Funding for Naval and Marine Corps Reserve construction at even these relatively modest levels has occurred only because Congress has made significant additions to the requests that were submitted from the Pentagon.

The backlog of military construction and the critical backlog of essential maintenance and repair of Naval and Marine Corps Reserve facilities still approaches \$600 million. Once again, the MILCON Naval Reserve request for 1997 will not keep pace with the impact of inflation on the reduced backlogs.

ROA recommends that the request for the Military Construction, Naval Reserve appropriation be approved and that Congress add authorization and funding for as many projects as possible from the list of projects provided. In addition, it is recommended that funds be added for much-needed minor construction projects at Naval and Marine Corps Reserve facilities.

To conclude, Mr. Chairman, let me just thank you and the committee for your indulgence in listening to this. It sounds like a lot of money. We realize there is significant budget pressure to keep costs down, but if we want to maintain the readiness of the reserve components, we do need the training facilities so they can have a place where they can get adequate training that is required.

I want to thank you and the committee for allowing us to testify. [The prepared statement of Major General Sandler follows:]

Statement of  
Major General Roger W. Sandler, AUS (Ret.)  
Executive Director  
Reserve Officers Association of the United States  
for the  
Subcommittee on Military Installations and Facilities  
House Committee on National Security  
Concerning FY97 Military Construction  
April 16, 1996



Mr. Chairman and Members of the Subcommittee:

Statement of Major General Roger W. Sandler, AUS (Ret.), Executive Director of the Reserve Officers Association of the United States, for the House Committee on National Security, Subcommittee on Military Installations and Facilities, concerning Military Construction Authorizations for Reserve forces for Fiscal Year 1997—April 16, 1996.

On behalf of the 100,000 members of the Reserve Officers Association, members of each of the uniformed services, I appreciate the opportunity to address this subcommittee to present the association's concerns relating to military construction appropriations for the Reserve components for FY97.

The Reserve Officers Association is grateful to this subcommittee for its continuing support of the Guard and Reserve. Without your support, Reserve component readiness would not be at today's high level—without the facilities you provided the Guard and Reserve, they could not have contributed so effectively to Operation Desert Storm and subsequent operations, including Operation Joint Endeavor.

The Congress has repeatedly instructed the Department of Defense to designate a greater percentage of the total military construction request for Reserve component facilities. Under pressure to make overall budget reductions, however, the DoD has reduced its military construction requests for the Guard and Reserve to levels well below the established goal. The additional projects funded by the Congress have been directly responsible for providing urgently needed facility improvements.

#### **Construction Backlogs**

Base closures and force realignments have generated requirements for new construction to support new missions. Much of the funding for military construction for the Guard and Reserve, requested and appropriated, has been for new construction, while the needs for repair and renovation have grown. Even during the eighties, when defense spending was on the rise, Reserve component military construction backlogs continued to grow.

Military construction backlogs have increased in all of the Reserve components, with the exception of the Naval Reserve. Construction backlogs in the Naval Reserve have decreased only because requirements were canceled by base closure actions. These construction backlogs impair readiness, retention, and morale.

If the Reserve components are to continue to make significant contributions to national security, they must be provided adequate facilities to meet unique Guard and Reserve requirements—including the location of facilities where there are persons and skills needed to meet Reserve component needs. Failure to do so will lead to the demise of Reserve component readiness.

In addition to their impact on morale and training, construction backlogs, or the failure to meet military construction requirements, indirectly and insidiously affect Reserve readiness. In the name of cost-effectiveness, facilities with the highest maintenance and renovation costs become targets for closure. The closure of facilities that require expensive improvements may be economically prudent in the case of Active forces, but because of the demographic impact, closure of Reserve facilities can have a devastating effect on combat capability.

#### **Demographic Impact**

The impact of demographics is critical to the location of Reserve units and, thus, on Reserve component effectiveness. Unlike their Active counterparts, who can be readily moved to new locations, Reservists are tied to their civilian employment and are, thus, often unable to relocate. There is a limit to how far they can afford to commute to meet training and other service requirements. The closing of a facility can deprive the Reserve components of populations of quality, experienced personnel and so eliminate capabilities or greatly increase training costs.

Many factors are considered in base realignment and closure decisions. Included are military requirements, costs, environmental issues, the economic impact on surrounding communities, etc. ROA is concerned that Reserve component needs are not understood and given the priority they deserve. The impact of demographics on Reserve requirements often has been denied the weight it deserves.

Emphasis is being placed on the shared use of facilities. Sharing the use of a facility by two or more Reserve components or the use of an Active component facility by a Reserve component can eliminate duplication and, thus, be cost-effective. ROA applauds sharing the use of facilities wherever practical, but cautions that there are real limitations to the shared use of facilities by Reservists. It is not realistic to close a Reserve facility in an area where a large number of Reservists reside and expect those Reservists to travel great distances to train at another existing site.

There may be a conception that the drawdown of Active forces will free facilities for use by the Reserve components. While Reservists may make use of a limited number of Active facilities, the ability to save additional funds in this manner is minimal. The incidents of Reserve components being able to take over facilities previously used by Active forces without alteration or renovation will be very few. Because of the demographic factor, facilities previously used by Active forces will simply not meet the needs of the Reserve components in most instances. To the extent that Active component facilities can be transferred to the Reserve components, these actions have already gone into current planning and are reflected in the budget request.

### **Impact on Training**

Training is crucial to the readiness of the Guard and Reserve, and the amount and quality of training are directly related to the adequacy of facilities. In addition to adding and maintaining skills, training has a direct influence on morale and retention. Without meaningful training, morale suffers, and Reservists may quickly lose interest in Guard and Reserve participation. The adequacy of facilities has a direct bearing on esprit de corps and, thus, readiness.

Many experts in and out of the military have called for a greater reliance on training simulators as a cost-effective way of improving Reserve component training and readiness. New facilities are required to house additional training simulators.

The following addresses military construction needs by Reserve component:

### **ARMY RESERVE**

Since the beginning of this decade, the role of America's Army has changed from a large, Cold War, European-focused force to a smaller, CONUS-based, power projection Army. With that change has come an appropriate greater reliance by the Army on its cost-effective Reserve components. Unfortunately, there has not been a corresponding increase in the quality, quantity, modernization, and maintenance of the facilities needed to train and support the Army Reserve and to attract and retain quality soldiers to meet this expanded role.

Today, the Army Reserve has a \$1.9 billion backlog of known construction requirements. This facility shortage is further complicated by numerous base closings and the loss of inherent support facilities - many of which were geographically proximate to Army Reserve units. All of these factors contribute to an average utilization rate of over 200 percent in existing facilities. The requirement to replace obsolete and deteriorating facilities still exists and the reduction in Army Reserve end strength from 230,000 in FY96 to 208,000 in FY99 will only marginally ease the problem of extremely overcrowded facilities.

Over half of the Army Reserve's 2,700 facilities, which average 31 years old, are inadequate to meet recognized training, maintenance and storage requirements - many fail to meet Army standards. To further compound the situation, the Army Reserve has taken over management of several installations that were formerly owned and operated by the Active Army. The Army Reserve has now added an additional 2,600 facilities that average 46 years old at these Army Reserve-operated installations.

Much of the existing Army Reserve physical plant inventory is in need of repair. When the facilities at the former Active component installations are included, there are over 5,300 facilities that are today managed and maintained by the Army Reserve. Many of these facilities were planned and constructed during an era when the demands for training and maintenance were less intense, with

considerably less dependence on modern technology, and when very little equipment was issued to the Army Reserve. The increases in technology and the flow of modern equipment to the Reserve as it has become a more significant partner in America's Army has increased training, maintenance, and storage requirements, resulting in significant shortfalls in adequate training facilities and severe overcrowding of personnel and equipment at many Army Reserve centers.

This situation has created a training environment that is increasingly unsafe, environmentally unacceptable, and damaging to readiness. Because most Army Reserve units are in localities distant from Active component installations, aggressively capitalizing on Base Closure and Realignment (BRAC) actions will not by itself solve these problems. Accordingly, full funding of the Army Reserve's military construction program and real property maintenance programs becomes more essential than ever.

**Request for FY97:** The military construction requirement we urge Congress to support for the Army Reserve represents its highest priority projects and consists of Major Construction projects in addition to Planning and Design requirements. The FY97 MCAR program includes:

A. **Major Construction:** These funds provide for land acquisition, new construction, revitalization, expansion, rehabilitation, alteration, or conversion of facilities where the cost exceeds \$400,000. FY97 MCAR projects are urgently needed to improve the quality of life and the readiness of Army Reserve soldiers as well as additional training opportunities for other Reservists.

**Request for FY97:** The Army Reserve FY97 MCAR budget request is for \$44,979,000. It will fund the construction of two United States Army Reserve centers (USARC) and organizational maintenance shops (OMS), four addition (ADD) and alteration (ALT) projects to existing centers and OMS, and a new equipment concentration site (ECS). :

#### FY97 MILITARY CONSTRUCTION ARMY RESERVE (MCAR) PROGRAM

<u>LOCATION</u>	<u>ST</u>	<u>PROJECT DESCRIPTION</u>	<u>(\$000)</u>
Wichita,	KS	ADD/ALT USARC/OMS	5,670
Buffalo,	MN	USARC/OMS	4,260
Fort Bragg,	NC	ADD/ALT USARC/OMS	9,966
Muskogee,	OK	ADD/ALT USARC/OMS	3,125
Geneva,	PA	Equip Concentration Site/ Maint Suppt Activity/Warehouse	9,352
St. Mary's,	PA	ADD/ALT USARC/OMS	2,333
Fort Eustis,	VA	USARC/OMS	<u>10,273</u>
		<b>TOTAL</b>	<b>\$44,979</b>



The Army Reserve, like the rest of America's Army, is undergoing significant change as it moves into the 21st century. Emerging technology is changing the way the Army Reserve trains and provides training to all components of America's Army. With the many base closings prompted by BRAC, Army Reserve-operated installations like Fort McCoy, Wisconsin, have become the primary training sites for many military personnel who live in areas where military installations are very scarce. Because of its central location, over 120,000 military personnel from all services and from at least 8 surrounding states trained at Fort McCoy in FY95. With limited training time available, it is considerably more cost-effective to train at a central location. Fort McCoy offers an ideal location, but its training facilities and many of its housing facilities are antiquated, raising many quality of life issues and negatively affecting training and retention.

Fort McCoy is not alone. There are numerous other locations where the age of existing facilities, modernization requirements, advancements in training technology, BRAC, increased equipment flow, quality of life issues, retention, and the simple time-distance travel issues have made new construction essential. Below are construction projects at Fort McCoy, WI.; Sacramento, CA.; Edison, N.J.; Knoxville, TN.; and Fort Eustis, VA. that will markedly enhance training, readiness and retention of Reserve component personnel, and because of their locations, provide training opportunities to and increase the quality of life for thousands of Reservists across the nation. Construction on each of these projects could begin in FY97 with approved funding. We urge the Congress to add funding to start construction of these projects.

**ADDITIONAL FY97 MILITARY CONSTRUCTION ARMY RESERVE (MCAR) PROJECTS:**

<u>LOCATION</u>	<u>ST</u>	<u>PROJECT DESCRIPTION</u>	<u>(\$000)</u>
Sacramento,	CA	USARC/OMS/AMSA	20,970
Edison,	NJ	Battle Proj Ctr	4,760
Knoxville,	TN	USARC/OMS/AMSA	8,400
Fort Eustis,	VA	ASF/USARC/OMS	28,850
Fort McCoy	WI	Elect Power to Ranges	2,000
Fort McCoy	WI	Machine Gun Range	2,250
Fort McCoy	WI	Crash Rescue Stn	1,350
Fort McCoy	WI	Rifle Range	1,400
Fort McCoy	WI	Combat Pistol Range	1,200
Fort McCoy	WI	Army Reserve Readiness Training Center	14,700
		<b>TOTAL</b>	<b>\$85,880</b>

B. Planning and Design provides for the continuous, multi-year designing process of necessary construction projects for execution in budget years and beyond. The Army Reserve budget requirement for planning and design for FY97 is \$3.480 million.

The total FY97 military construction program request includes the \$3,480,000 million for planning and design for future year construction projects identified in the Army Reserve testimony as well as the \$44,979,000 for major construction. Combined, the total MCAR authorization and appropriation request is \$48,459,000. Without it, facilities beyond their useful life will continue to deteriorate. Failure to provide funding at this minimum level now will guarantee greater costs later.

#### **REAL PROPERTY MAINTENANCE & ENVIRONMENTAL COMPLIANCE**

Another important source of resources in support of the Army Reserve facilities is the Operations and Maintenance, Army Reserve (OMAR) authorization; specifically, the resources for real property maintenance (RPM) and environmental compliance.

Real Property Maintenance: The replacement plant value for all Army Reserve facilities nears \$3.6 billion dollars and for facilities at Army Reserve-operated installations another \$1.9 billion. Their average age is over 31 years and 46 years respectively. With the dollars from this OMAR appropriation, the Army Reserve accomplishes an astronomical task of operating these facilities, to include repairing and performing preventive maintenance on them. The facility managers at the Reserve centers are to be commended for the outstanding job they do keeping their centers operational. Even though they are able to keep the facilities open, they are falling behind in maintaining them. The backlog of maintenance and repair (BMAR) continues to rise. The BMAR now stands at \$183 million and is growing at an annual rate of 20 percent for Army Reserve facilities and 11 percent for the Army Reserve-operated facilities. These rates of growth have a serious impact on the condition, rates of aging, and resulting deterioration of mission-essential facilities and infrastructure. The Army Reserve is taking great care to ensure that these taxpayer-financed facilities are maintained to the greatest extent possible. However, with the limited funds available, resources can only be applied to the most critical maintenance and repair needs. These facilities are a very visible link between the Army and the citizens they protect. In some cases they may be the only visible link between the U.S. government and the taxpayer. It is essential that the taxpayer see proper care and maintenance of invested tax dollars. ROA strongly encourages the Congress to eliminate the BMAR backlog and fully fund this BMAR requirement of \$183 million before these needed repairs deteriorate further and evolve to major construction projects.

Environmental Compliance: Along with the increasing demand for maintenance funding, environmental compliance requirements are placing great demands on resources authorized and appropriated for the Army Reserve. Environmental compliance funding requirements have increased from

\$ 5.5 million in FY 90 to \$39 million in FY96. The Army Reserve's "must-fund" FY97 budget request is for \$36 million. These environmental compliance requirements cannot be ignored.

#### SUMMARY:

The Army Reserve's FY97 MCAR budget request is \$48,459,000. Fully funded, this MCAR request will reduce only a small portion of the Army Reserve's \$1.9 billion MCAR backlog. However, construction of these new facilities will significantly improve the quality of training, and eliminate overcrowding for many dedicated citizen-soldiers across the nation while enhancing readiness, equipment maintenance, and storage capabilities at several locations. We urge the Congress to authorize and fully fund the Army Reserve's MCAR \$48,459,000 budget request, as well as the \$183 million required to eliminate the growing backlog of maintenance and repair, and the \$36 million to support the environmental compliance requirement. We further urge the Congress to authorize and appropriate additional funding to move essential MCAR projects into FY97.

#### AIR FORCE RESERVE

The military construction (MILCON) program for Air Force Reserve is divided into three categories. Environmental compliance MILCON provides facilities needed to comply with environmental laws and regulations; new mission MILCON provides facilities that support force structure conversions and mission realignments; and current mission MILCON provides facilities to support the existing base mission or replace old facilities that have become too costly to maintain and repair.

Though the total obligational authority (TOA) in the FY97-01 MILCON program covers all known Air Force Reserve (AFR) environmental compliance and new mission MILCON requirements, existing current mission MILCON TOA is inadequate. Headquarters, Air Force Reserve has identified the following critical, current mission MILCON requirements at AFR installations: A) Level I (Unsatisfactory) requirements that affect the base mission, \$85.5M; B) Level II (Degraded) requirements with unit mission impact, \$62.0M; total of \$147.5M.

Data is not yet complete for Air Force Reserve tenant locations, but it is estimated the total amount will be twice that needed at AFR installations, or \$295M, to satisfy all critical AFR facility requirements from FY97 to FY01.

Air Force Reserve current mission MILCON and planning and design funding levels are inadequate to support existing mission infrastructure. The \$551 million current mission backlog equals 31 years at existing funding levels. Additional MILCON funding will increase current mission MILCON and planning and design to provide adequate facility support to the Air Force Reserve mission.

## PROPOSED AIR FORCE RESERVE FY97 MILCON ADDS

#	FY	ST	LOCATION	PROJECT	TYPE	COSTS	DSN COSTS (\$M)
1	98	AL	Maxwell	Composite Maintenance Facility	CM	5.000	0.000
2	98	AK	Little Rock	Aerial Port Training Facility	CM	1.800	0.000
3	98	WA	McChord	Aeromed Patient Staging Facility	CM	3.000	0.300
4	98	WI	Mitchell	Add/Alter Composite Tng Facility	CM	2.000	0.200
5	98	FL	Eglin Aux 3	POL/LOX Complex	CM	4.500	0.450
6	99	NJ	McGuire	Sqdn Operations/AMU Facility	CM	2.500	0.250
7	99	FL	Eglin Aux 3	Renovate VAQ	CM	6.000	0.600
8	99	AZ	Dvs Mnthn	Sqdn Operations Facility	NM	2.500	0.250
9	00	GA	Robins	Add/Alter AFRES HQ Building	CM	12.200	0.425
10	01	DE	Dover	Aerial Port Training Facility	CM	1.500	0.150
11	01	AL	Maxwell	Aircraft Maintenance Hangar	CM	7.200	0.000
12	01	IN	Grissom	Civil Engineering Complex	CM	6.500	0.650
13	02	TX	Kelly	Wing Headquarters Building	CM	2.950	0.000
14	02	IN	Grissom	Civil Engineering Complex	CM	6.500	0.650
15	02	FL	Homestead	Renovate Dormitory 475	CM	2.550	0.255
16	02	FL	Homestead	Renovate Dormitory 478	CM	2.450	0.245
17	02	MS	Keesler	C-130 Maintenance Hangar	CM	4.050	0.140
18	03	AZ	Luke	Civil Engineering Tng Facility	CM	2.250	0.225
19	03	MD	Andrews	Alter Wing Headquarters Facility	CM	3.700	0.370
20	04	NJ	McGuire	Civil Engineering Facility	CM	1.700	0.170
21	04	CA	Travis	Aircraft Generation Sqdn Tng Fac	CM	3.100	0.310
22	04	MO	Whiteman	Add/Alter Wing Headquarters Bldg	CM	1.250	0.125
23	05	NJ	McGuire	Add/Alter Wing Headquarters Bldg	CM	2.100	0.210
24	06	UT	Hill	Munitions Equipment Maint Fac	CM	1.500	0.150
25	07	OK	Tinker	Add/Alter Aircraft Maint Hangar	CM	3.200	0.115
				TOTAL MILCON		92.600	
				TOTAL DESIGN		6.300	
				TOTAL ADDS		98.900	



### NAVAL AND MARINE CORPS RESERVE

The budget request for Military Construction, Naval Reserve (MCNR) for Fiscal Year 1997 is for just under \$11 million. This request will support just six relatively small projects, does not include any funds for minor construction, and includes approximately \$1.9 million for planning and design of future projects.

This year's budget request contrasts sharply with the more than \$25 million appropriated for Fiscal Year 1994, the \$22.8 million for Fiscal Year 1995, and the \$19.1 million provided by Congress last year for Fiscal Year 1996. Funding for Naval and Marine Corps Reserve construction at even these relatively modest levels has occurred only because Congress has made significant additions to the requests that were submitted from the Pentagon.

For example, the Administration's budget request for Fiscal Year 1995 was for a mere \$2.4 million, and included only a single project, although the construction backlog of the Naval and Marine Corps Reserve was then approximately \$750 million. Congress recognized the gross inadequacy of the request and increased the program to a more realistic \$22.8 million.

### BACKLOG AND BRAC

The serious underfunding of construction requirements for the Naval and Marine Corps Reserve is an integral part of the combination of events that can lead to the foreclosure of opportunity for these Reserve Components to remain a vital part of their service's Total Force.

Poor material condition of facilities and lack of funding to repair or replace them has become a reason for these facilities to be included in the closure lists that the services submitted to the BRAC process. During this process, the same poor material condition that is a major reason an installation is originally considered for closure becomes the primary reason to decide to close or consolidate the same Reserve facility. Regrettably, requirements and the unique demographic demands of the Reserve components have become secondary issues.

As a result, more than 60 Naval and Marine Corps Reserve facilities have been or are scheduled to be closed or consolidated as a result of BRAC action.

After all BRAC closures and consolidations have been implemented, the Naval Reserve will be reduced to less than 200 air and surface facilities nationwide. This will be, by far, the smallest number of demographic centers for Naval Reserve activity since World War II and one third fewer than were in operation in 1978 when the number of drilling Reservists was approximately the same as it is today. The resulting concentration of personnel makes it even more important that they have access to modern, cost-effective facilities.

## BACKLOG REMAINS

The backlog of military construction and the critical backlog of essential maintenance and repair of Naval and Marine Corps Reserve facilities still approaches \$600 million even with the "elimination" of a substantial portion of these backlogs by the deletion of needed projects at locations that are now closed or are planned for closure in the near future. Once again, the MCNR request for Fiscal Year 1997 will not even keep pace with the impact of inflation on the reduced backlogs.

It is important to note that even with the closures and consolidations resulting from the BRAC process, the Plant Replacement Value (PRV) of Naval Reserve facilities has continued to grow to the point where it now exceeds \$5 billion. The continuing shortage of funds for maintenance, repair, modernization, and replacement of these facilities in an orderly manner is obvious. Additional funds from Congress are needed to address these critical problems.

## FY97 REQUEST

As indicated earlier, the MCNR request for FY97 is for approximately \$11 million. This request will cover the following projects:

### **\$ .750 million--Construct Aircraft Washrack, Naval Air Station, Willow Grove, Pennsylvania.**

NAS Willow Grove supports P-3 and SH-3 aircraft conducting daily patrols off the Atlantic coast, resulting in salt buildup that is highly corrosive to the airframes. This project will construct an automated, taxi-through washrack, which will be safer, faster, and more effective than the current hand washing method.

### **\$1.465 million--Training Building Addition, Naval Air Facility, Washington, Maryland.**

The existing inadequate facility provides less than 40 percent of the required square footage and cannot provide quality training in the highly technical fields of today's Naval Reserve. This project is a 10,620-square foot addition to the existing training building that includes air conditioning, fire protection system, elevator, classrooms, offices, rest rooms, library, and utilities. The estimate also includes demolition of one wing of the existing facility.

### **\$ .640 million--Maintenance Hangar Addition, Naval Air Facility, Washington, Maryland.**

The existing hangar provides less than 50 percent of the required square footage which results in overcrowding and poor layout of maintenance functions. This project will provide a 3,800-square foot addition to the hangar.

### **\$1.994 million--Construct Reserve Center, Marine Corps Reserve Center, Camp Williams, Utah.**

The drawdown of Tooele Army Ammunition Depot has left tenant USMCR units without adequate support. This project will provide for a 20,650-square foot, one story, steel-frame, concrete building with hardstand for Light Armored Vehicles (LAVs) of the Marine Corps Reserve.

**\$.770 million--Addition to Readiness Command Building, Air Force Reserve Center, Jacksonville, Florida.**

The existing facility provides only 60 percent of the basic facility requirement of Reserve Readiness Command Region Eight. This deficiency results in poor training and operational efficiencies and adversely impacts on morale. This project will provide a 6,600-square foot addition to the existing facility.

**\$3.480 million--Purchase-Leased Reserve Center, Navy and Marine Corps Reserve Center, Pittsburgh, Pennsylvania.**

The Naval Reserve leases this center, with an option to purchase. Through special legislation, the former Reserve Center in Pittsburgh was sold to Carnegie-Mellon University with the provision that the \$2.4 million realized by the sale could be used to partially offset the cost of a new facility. These funds must be obligated by February 1998.

#### **ADDITIONAL RECOMMENDED PROJECTS**

The following list of required projects, with a total cost of \$32.695 million, are unprogrammed, but are either designed, sufficiently under design, or are acquisitions that require no design (such as the buyout of a lease-to purchase real estate agreement) and, therefore, could be executed in FY97.

#### **RECOMMENDED ADDITIONAL MCNR PROJECTS**

<b><u>LOCATION</u></b>	<b><u>PROJECT</u></b>	<b><u>COST(\$M)</u></b>
NSA New Orleans, LA	NAVRES Mgm't School	2.800
*Ft. Devens, MA	Facility Renovation	.750
*Westover ARB, MA	Building Renovation	4.100
NAF Washington, MD	Replacement BEQ	4.875
*Johnstown, PA	New Reserve Trng Ctr	6.500
*Johnstown, PA	New Aircraft Hangar	7.620
*Dyess AFB, TX	New Reserve Trng Ctr	3.100
*Camp Williams, UT	Reserve Ctr Addition	1.000
NMCRC Roanoke, VA	RESCEN Addition	.850
NR Stevens Pt., WI	RESCEN Purchase	1.100
<b>Total recommended additions to MCNR for FY97</b>		<b>\$32.695M</b>

\*Marine Corps Reserve Projects

ROA recommends that the request for the Military Construction, Naval Reserve (MCNR) appropriation be approved and that Congress add authorization and funding for as many projects as

possible from the list of projects provided above. In addition, it is recommended that funds be added for much needed minor construction projects at Naval and Marine Corps Reserve facilities.

#### CONCLUSION

The Congress has repeatedly expressed its sense that the Reserve components should have a greater role in the nation's defense. ROA appreciates the confidence congressional members have placed in the nation's Reservists, but would remind the Congress that the Reserve components cannot continue indefinitely to do more with less. The budget request for military construction for the Army, Air Force, Naval, and Marine Corps Reserves represents the very minimum required and should be funded. It does not begin to reverse the growth of construction backlogs that have plagued the Reserve components for many years. Any additions to the military construction request for the Reserve components will be money well spent.

In closing, I would reiterate the need to give the demographics of Reservists greater consideration. The need to provide adequate facilities within reasonable commuting distances of Reservist populations must be factored into decisions relating to construction requirements.

Finally, I want to thank the panel for its past support and for giving ROA the opportunity to provide its views on Reserve component military construction. I will be happy to answer any questions you have.



Mr. HEFLEY. Thank you.

Mr. Peterson?

Mr. PETERSON. Well, Mr. Chairman, I think all of the testimony was pretty much in line with what we have heard from the active duty folks, actually. So what we are hearing, I think, is sort of an exclamation point, if you will, coming down from what we have heard from the service chiefs and others.

The committee has recognized, as have the services, that we have neglected our infrastructure over a number of years. In fact, I was party to that—it was, paint it, and it will be OK; we have other things we have got to do with that money.

We have come to a point now where the crunch has actually come down, and through photos that we have seen from other projects and some of the photos attached to your testimony, it is obvious that we have not really done a good job of anticipating the needs.

And then we have got a philosophical change that has occurred which is long in coming, and that is that we are going to actually fix this quality of life problem that has existed in the service for many years. This is not new. This is something that a lot of us recognized, but we just never did anything.

Then, it was further complicated by the fact that we went through a series of base closing efforts, both here and abroad, that essentially froze this all in time, and it has stacked up, and as you correctly said, we have a backlog now that is something very, very difficult to get out of.

It is interesting for me to see some of the numbers coming out here. I think that some of the services have done a better job than others. In some of the testimony—in most of the testimony—I think the Air Force comes out ahead. Now, they did not do that without making some early sacrifices in the drawdowns; that is what they did. They made their cuts early on, and that then bought them some time and bought them some money that they could invest into these programs that have made their programs less of an obstacle to repair as some of the other services. And now it is up to the committee here to fix it. It is going to be a tough job, and it is not going to happen this year. It will happen over the next 20 years.

So your testimony has been very helpful in focusing on where, more specifically, we can take a shot at it this year, because what we are going to do is take little bites—it is going to be little Pac-Men that are going to go out there—and each year, we are going to focus in on this.

There is this other piece, though—and we have got the quality of life—but it is what I call operational enhancement. We have a lot of people working in facilities, particularly in the Reserves, and even a lot of active duty people, that—what was the testimony—30 percent of our people are working in facilities that were not designed to do what they were supposed to do. I think it is at least 30 percent. And in this day and age, that is really a remarkable figure. We are still having people repair vehicles in a stable somewhere. Those things should have taken priority years ago.

But the committee has recognized this, and we are trying to prioritize, to decide which way we can go in order to make the repairs that all of you have brought forward.

I hope you understand that the priority-setting process is a very difficult one and that in the scheme, nobody gets everything he wants, but everybody should get some of what they want. And you should also take into consideration those people who have made early sacrifices so that you do not hurt them in the process, because they have paid for their stuff out of the hides of some of their people in the process early on.

So there are lot of pieces in this equation, and I will stop with this question. On the Reserve issue, you noted several times that we have to be cognizant of the demographic question and put that into the process. Is that for the recruiting aspects, the retention aspects, or is that because that is where we are going to likely find the best facilities to make the repairs?

General SANDLER. Mr. Peterson, the fact of the matter is we have got geographical areas that have a density of potential members of the Reserve components, and that is where we want our facilities to be located. In many cases, that is where they are, but we have to be sure that we do not do things that denigrate the facilities to such a degree that those people will not want to come and train. So it is really a personnel demographic situation that we are concerned about. Rather than trying to move people into a place where facilities are, we want to have the facilities where the people are.

Mr. PETERSON. That is all I have, Mr. Chairman. Thank you for the time.

Mr. HEFLEY. Thank you, Mr. Peterson.

I think many of you have been kind enough to compliment the committee on our efforts here, and I think you do have a committee that, more than most committees that I have seen in the Congress or been on or involved with, really does have pretty much a singleness of purpose when it comes to the subjects we are talking about. We see problems, and I just cannot tell you how much we appreciate your testimony today regarding those problems.

You are really putting a focus on it. We see the problems, and we want to solve the problems, and we are struggling to see how we can get from here to there. Part of the reason for the privatization was the idea that if we cannot get from here to there under the normal process, we had better do something else.

Let me just throw out a question that any of you can answer who might like to. One of the things that disturbs me and some of the other members of the committee is the roller coaster way we do the budget in these areas.

The plus-ups in the Administration's budget from year to year are masked oftentimes, it seems like, by cuts in other areas that are also critically important; and I think last year's and this year's requests illustrate that. Last year was kind of a year of family housing, and this year is the year of troop housing.

Do you have any comments on how we could get around this? It seems to me that we need to be moving both fronts forward at the same time, and we are not. We make a run here, and then we make a run there. Do you have any sense of what we ought to be doing about that?



**Sergeant Major OUELLETTE.** Mr. Chairman, I will just take a stab at a couple of things. I think that, with the different areas of responsibility of this subcommittee, it always has sort of been that you put out fires as they happen, and maybe that is the way it will always have to be done.

I would compliment Mr. Peterson—you were a little critical of yourself and the committee a bit, saying that maybe you did not do enough, and you did not do enough early. Well, I would tell you that over the years, I think the work of Mr. Hefner, when he was chairman, Ms. Vucanovich last year—I hate to think of what the quality of life would be in the military if those subcommittee and committee members had not worked on military construction issues at least within the realm of what you explained—putting out fires here and there. And it was complicated by the massive modernization effort at the same time, and base closures that were forcing more people in.

You had tank parts that were state-of-the-art in the 1960's—state-of-the-art—that are still being used today but simply cannot accommodate the larger equipment. At one training facility at Knox, one first sergeant told me that he really fears for the safety of his trainees because in order to move one tank out on the road, they have to move and jockey seven tanks around in a motor pool to move one out of there; they are in there that tight. That is the fear.

In terms of modernization or privatization, which you talked about, many of us here are really skeptical in that area. When I first heard the term, as an old sergeant major, “privatization” was not a big term. I mean, everything we did, we virtually did ourselves. So I started asking some civilian companies, outsourcing companies that were involved with outsourcing certain functions and privatizing, if you will, certain functions, and it is funny how you cannot get a straight story. If you talk to the people at the top, the people who have the responsibility to make these outsourcing decisions, they say it works great, but when you talk to the little guy, the sergeants, the petty officers, the little people at the bottom who are making this work, they say it does not work, that they are losing control, and many of those companies are going to be at a point in time in the same dilemma that the subcommittee feels it is in right now—if you do not have constant oversight of everything, if you lose that, all of a sudden you have problems, and then you are at the point of no return or, as you are saying right now, you are just going to have to take it by bites because we are so far behind the curve, we cannot get there.

**Senior Chief CALKINS.** Mr. Chairman, if I might address that as well, in my statement, the Fleet Reserve Association recommends a survey of the services' facilities by an independent group and that those requiring priorities be funded first. We know that this has been happening. It is like the leapfrog thing—we are jumping ahead of each other, trying to get out there. And if it is working, leave it alone; but if it is not, paint it, as has been said before. But those are our recommendations.

**Mr. HEFLEY.** I thought that was an interesting suggestion, and I was going to ask you about that. Do you think that that would genuinely help the Pentagon with the setting of priorities, or are

there other politics over there that would take precedence over an objective survey?

Senior Chief CALKINS. I am not going to plead the fifth, but I think it would be a genuine need and desire, and of course, you have the politics involved, but I think we are all going to be faced with that no matter which way it goes, in who is going to select the independent group of the six services, so to speak.

Mr. HEFLEY. Sure.

Mr. Geoghegan, you sounded perhaps more skeptical than some of the rest about some of the privatization efforts. Our proposal is that we do 8 or 10 or 12 pilot projects before we go country-wide and service-wide with it, and try different methods on the privatization.

Does that alleviate any of your fears at all, the fact that we are going to pilot-project it before we just run pell mell into it?

Mr. GEOGHEGAN. Yes. I think that that would answer many of the concerns. Here is the best way I can think of putting it. Even if it turns out that a lot of the pilot projects are very successful, one of our chief concerns—we think we see it in other areas, for example, the area of commissaries, which comes up year after year, where it seems like there is always a move by some people to say, well, let us just wash our hands of it; let us just turn it over to the private sector, and we will not have to worry about it anymore. And to a degree, we think we see that with health care.

So our concern is could this happen down the road with housing, where we say, well, we are having some successes with the private sector now, so let us just turn it over to them, and we will not have to worry about it anymore.

Well, in the meantime, without enough DOD or some kind of Government oversight, a lot of problems could develop, and once it is out of the Government's hands, there is not a lot of redress for commanders to get problems solved and fixed in an adequate fashion; and it would be the service members who would suffer.

I guess our Association's biggest concern is that down the road, you could be looking at a point where you say, hey, let us just not worry about it anymore. Let us just get rid of it.

And we do not anticipate it would be 2, 4 years from now, but we are talking perhaps 10 or 20 years, where if you have enough success, this could happen, and that is why we want to lay the groundwork now and say this is our big concern. This is why we need to go slow with these, and we also need to always keep in mind that as much success as you have, we think the Government has to have a hand in it just so there is a greater degree of accountability, so that we can come to you and say, hey, this is not working.

Mr. PETERSON. Mr. Chairman, would you yield for a question?

Mr. HEFLEY. Certainly. Mr. Peterson.

Mr. PETERSON. I think you all may be taking this privatization too far. You are making some assumptions. The reality here is that we only have *X* number of dollars, and we have to multiply those dollars in some way, or else the solution is not in 20 years, but in 40 years.

I do not think, as I understand our program for privatization, of giving away any of the jurisdiction, really, but it is rather to allow



for private capital to replace our front-end costs for what we want to do and what we need to do in order to make these catch-ups.

So to go to the commissary thing, I think we have won that; I think we are past that now, and I do not think we have to fight that one anymore. I do not anticipate a similar circumstance in the housing thing. If I am not mistaken, a lot of overseas housing was built by the foreign governments. They actually used their capital to build them. We put our people in, and we used our housing allowance to pay during that process essentially what we guaranteed the rent to be over a period of time.

That is kind of what this is going to be, but it is going to be domestic, at least initially; and if we could find a solution to do that overseas, we might do it as well.

So I would ask you to please look at this closely and to look at it not from the standpoint of some of the historical arguments we have had on commissaries and so on, but to look at it constructively as to how we might stretch these very limited dollars that we have, or the solution is to buy into a 41- or 42-year backlog, and essentially, obviously, we will never reach that.

Mr. GEOGHEGAN. If I could just add, as I said in my statement, it is not that our association is opposed to it per se. We do realize that privatization is going to be needed; we are just looking at it from sort of a long-term, how-far-could-this-go perspective, and if that has not been clear, then I apologize. That is the point we wanted to make.

Major OUELLETTE. Mr. Peterson, I know there is a big concern within the enlisted community any time you talk about privatization, and I understand where you are coming from there, and I think you made a very good point. But the soldier, the sailor, the person who hears this thinks in terms of if we can privatize and improve the lifestyle of the men and women of the Armed Forces, who would be opposed to that? The only problem is that there is a skepticism in their minds that the cost of doing business in this, the profit margin, or whatever is involved in this may be passed on to them in terms of higher housing costs—the same argument that was there for the—

Mr. PETERSON. I understand that, and I understand the suspicion, but this is different. We are not going to maintain airplanes, although we are maintaining airplanes privately. We are not taking over the dining halls, which we do with private enterprise. And incidentally, I do not hear many people complaining about not being on KP.

But the issue here is a very, very bold experiment in trying to get private capital to be used by the military to counter the backlog we have in these very serious quality-of-life issues that we face at every facility.

Mr. ABERCROMBIE. Could I follow up on that?

Mr. HEFLEY. Surely.

Mr. ABERCROMBIE. I realize you are getting near the end, Mr. Chairman, and you may have gone over this, but just to reassure—and I read through your testimony on the privatization, and it has come up in a couple of places, and we are going to try to do this in Hawaii. And maybe there is a misunderstanding about the intent of this committee, because this has been a bipartisan effort to

try to come to this. The intention is not to take away from the armed services the responsibility and jurisdiction with respect to standards or anything else. Quite the opposite, it is to tap private resources, particularly loans, the financial resources, with the object that this creates jobs, that this is good for the local economy, and that it is in the interest of the financial institutions locally to be supportive.

The construction companies and so on, and jobs that ensue from that kind of investment are beneficial to the local economy, with the standards of construction, maintenance and so on still remaining with the military authorities.

I think that is a fair summation, isn't it, Mr. Chairman? That is really what we mean by privatization. In the broader community, or perhaps in the broader ideological context that might be out there, with people running for office, the word "privatization" may conjure up a lot of other unpleasant associations. For example, we have done some privatization with respect to housing and other aspects in State government, and they have not worked out very well.

And the instance—I am trying to remember precisely which testimony it was—which said what happens if you get a contractor who does shoddy work and then runs out on it, and you have a suit that goes on for 15 years, trying to figure out who the hell was responsible or not responsible—we have run into some of that with the State or county; and when I was in the city, we ran into some of that, and with Hawaiian Homes, we ran into that. That would not be the case as the chairman has put together the legislation here. There is no question that the jurisdictional responsibility and authority remains with the armed services; isn't that correct, Mr. Chairman?

Mr. HEFLEY. That is correct. That is their responsibility.

Mr. ABERCROMBIE. Absolutely it is, and there is no way around that. The question here is the opportunity and the invitation, if you will, to the private sector to join in in that context.

The last thing on that is that obviously, this has to be situation-specific. It is not something that will work across-the-board. It works in a place like Hawaii because the likelihood of ever having a place in which private capital has been invested which is going to be empty is virtually nil. So it has to be carefully chosen.

So I think that what privatization means here is that the private sector and the military authorities have to have a very clear grasp of what the market is and is likely to be, and with the ending of the base closing or BRAC procedure, my assumption—and I believe it is the assumption of the committee—is that we now have a clear field to make those kinds of decisions over the long term that are not likely to be overturned by precipitous moves on the part of the Congress to close bases or that kind of thing.

Mr. PETERSON. Would the gentleman yield on that point?

Mr. ABERCROMBIE. I took your time, and I appreciate it, Mr. Chairman. Thank you.

Mr. PETERSON. I really failed to make a major point. We are forced to do this to reduce costs, not just to extend the bucks and split them and make two out of one. But you all clearly know that the cost of quality of life facilities on military bases has been gross-



ly inflated because of a lot of things, but a lot of it is because there are few contractors who will even do it.

So that by doing this privatization, what we are going to do is we are going to get in there and reduce the unit cost significantly, so we not only are saving the investment knowledge that we have to go into other areas, so we are going to increase the competition aspect of it, but we are going to actually build more and accelerate this shortfall, downsize. So I think it is a very, very important part of this whole experiment, and my hat is off to the chairman for leading us through this. I think it is really something that we need to work on.

Thank you, Mr. Chairman.

Mr. HEFLEY. I thank both of you.

We are almost out of time, but Ms. Kidd, I was fascinated with your testimony regarding the needs in Europe. Of course, Secretary Bayer was in here and also emphasized the need for investment in some of our European facilities. Do you want to amplify that at all, the kinds of things that you think we need for families in the European area?

Ms. KIDD. Well, many of the quarters' stairwells have been there for umpteen years. In fact, my husband remembers living with some of them when he was a child. The conditions were not good years ago, and they have done nothing, actually, or very little to improve those conditions because of the downsizing and so on. I think the idea was to wait and see what was going to happen.

Now, though, with the troops that are stationed there frequently being sent off to Bosnia and to other commitments, it has created more pressure, I would say, on the families. Your living conditions count a whole lot when you have the added stress of a service member being gone. The childcare problem becomes greater. I think we are still kind of holding our breath to see what is going to happen in Europe, and we are pretty well downsized as we are going to, as far as I know, in that area.

Mr. HEFLEY. I really appreciate the testimony of all of you, but more than that, let me say I appreciate your organizations. Your organizations are tremendously helpful to us. You can have influence not only on the Congress but on the administration and the decisions that are made at the Pentagon, and you know better than I could tell you how to exert that influence because you have been doing it for a long time.

You mentioned the Medicare subvention bill, for instance, and it was due largely to the effort of some of your organizations and others that we had 245 or 250 cosponsors on the original version of it, that we have now Senate sponsors who are willing to work with it; and we need your help on this revised approach because this is one I think we can actually get passed and pilot project that and see if it works.

So I would say to you, keep exerting your influence in that, but also, particularly as far as this committee's jurisdiction is concerned, in this whole quality of life area that we are dealing with and the military construction area in a broader sense, because I think we need more effort than we are getting in the budget where this is concerned. And we can do some add-ons here and there, but

the overall general effort in this direction, I think we need more emphasis on, and I think you can help us with that.

Are there any other questions or comments?

[No response.]

Mr. HEFLEY. If not, the committee stands adjourned, with our thanks.

[Whereupon, at 5:08 p.m., the subcommittee was adjourned.]









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